

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DIVISION OF PUBLIC UTILITIES AND CARRIERS
89 JEFFERSON BOULEVARD
WARWICK, RHODE ISLAND 02888**

IN RE: CoxCom, Inc. d/b/a/Cox :
 Communications - Rate Change : Docket No. 2006-C-9
 Notification Filing :

REPORT AND ORDER

On December 1, 2006, CoxCom, Inc. d/b/a Cox Communications New England (“Cox”), 9 J.P. Murphy Highway, West Warwick, Rhode Island, filed a notification of rate changes with the Rhode Island Division of Public Utilities and Carriers (“Division”).¹ The rate change notification applies to those customers living in the following eight (8) Rhode Island CATV Service Area communities:

Service Area 1 – Woonsocket, Smithfield, Lincoln, North Smithfield, Cumberland, Central Falls, Burrillville and Glocester.

Service Area 2 – Providence and North Providence.

Service Area 3 – Cranston, Johnston, Scituate and Foster.

Service Area 4 – East Providence and Pawtucket.

Service Area 5 – Barrington, Bristol and Warren.

Service Area 6 – Warwick, West Warwick, East Greenwich, Coventry, West Greenwich, North Kingstown and Exeter.

Service Area 7 – Newport, Middletown, Portsmouth, Tiverton, Little Compton and Jamestown.

Service Area 8 – Westerly, Richmond, Charlestown, Hopkinton, Narragansett and South Kingstown.

¹ Cox Exhibits 1-3.

The notification of the rate changes was submitted on Federal Communications Commission (“FCC”) “1240” and “1205” forms. This federal rate form filing comports to rules and regulations previously promulgated by the FCC (“FCC Rules”).²

For purposes of complying with the FCC Rules, Cox’s rate form filing identifies the communities it serves in Rhode Island by grouping them under various “channel line-up” classifications recognized by the FCC, rather than by the CATV Service Area designations recognized by the Division. In satisfaction of the FCC Rules, Cox’s rate form filing categorizes the Rhode Island communities it serves under the following franchise listings:

<u>Franchise</u>	<u>FCC ID</u>
• <u>Glocester</u>	
Burrillville	RI0038
Glocester	RI0037
• <u>Cranston</u>	
Cranston	RI0013
Johnston	RI0014
Scituate	RI0032
Foster	RI0045
• <u>Providence</u>	
Warwick	RI0008
West Warwick	RI0009
Coventry	RI0006
East Greenwich	RI0007
Providence	RI0003
North Providence	RI0004
• <u>Rhode Island - North</u>	
Central Falls	RI0018
Cumberland	RI0019

² See FCC Cable Television Service Rules and Regulations, 47 Sec. 76.922, et seq.

Lincoln	RI0017
Woonsocket	RI0020
Smithfield	RI0015
North Smithfield	RI0016
• <u>Rhode Island - South</u>	
Narragansett	RI0021
North Kingstown	RI0022
South Kingstown	RI0023
Newport	RI0027
Portsmouth	RI0026
Tiverton	RI0025
Little Compton	RI0029
Middletown	RI0028
Jamestown	RI0030
Exeter	RI0039
West Greenwich	RI0040
Bristol	RI0041
Barrington	RI0042
Warren	RI0044
Newport Naval Base	RI0046
• <u>Pawtucket</u>	
Pawtucket	RI0005
• <u>East Providence</u>	
East Providence	RI0024
• <u>Westerly</u>	
Westerly	RI0001
Hopkinton	RI0004
Charleston	RI0035
Richmond	RI0036

The “Form 1240” and “Form 1205” rate filing methodologies permit Cox to seek rate increases in accordance with a formula established by the FCC. The parameters for the formula are similarly provided in the FCC Rules. Under the FCC Rules, Cox is granted substantial flexibility in setting rates for new service tiers offering additional program channels. In exchange for the flexibility, rates for existing services must be limited to changes permitted by a

specific benchmark formula. Under the formula, Cox may adjust its rates on an annual basis in order to recover inflation and external costs.³ The FCC's Forms 1240 and 1205, supra, facilitate the annual adjustment.

The Division, referred to as the local franchising authority under the federal law, is barred under the FCC Rules from altering any permitted rate changes filed in accordance with the formula. Indeed, the Division's role is to substantiate the accuracy of the Forms 1240 and 1205 information and calculations with respect to only Cox's basic service tier and concomitant equipment rental, installation and miscellaneous charges⁴; and to provide an opportunity for interested parties to express their views.⁵

In its authorized Service Areas, Cox's total cable rate is comprised of two tiers of cable service. "Basic" service constitutes the first tier and "expanded" service constitutes the second tier. The Division has rate jurisdiction over the "basic" service tier (and concomitant equipment rental, installation and miscellaneous charges) only.

Cox filed the FCC 1240 Forms to correct the inflation adjustment for the true-up period, which results in increases in the "Maximum Permitted Rates" ("MPR") and operator-selected rates. Cox's 1240 Forms indicate that the updated MPRs are greater than the current basic rates applicable in Cox's Service Areas. Despite its ability to raise basic rates under the FCC formula on April 1, 2007, the filing indicates that Cox decided to not increase its basic

³ See 47 C.F.R. Sec 76.922(3).

⁴ In its filing, Cox describes these "miscellaneous" charges as "other" charges. In this context, both words shall be treated synonymously.

⁵ See 47 C.F.R. Secs. 76.922, 76.933 and 76.935.

rates at this time. The filing does, however, reflect permitted changes to some “installation and equipment” rates, consistent with the MPR formula and applicable law. With the exception of a small increase (\$.03) in the rental charge for a digital receiver, all the planned changes reflect rate decreases ((\$.01) – (\$5.01)). Cox’s FCC 1205 Form filing further supports these “installation and equipment” related rate changes.

PUBLIC HEARING

The Division conducted a public hearing on the instant rate notification filing on February 6, 2007. The hearing was held at the Division’s hearing room, located at 89 Jefferson Boulevard, in Warwick. The hearing was conducted in accordance with the mandate contained in Rhode Island General Laws, Section 39-19-6. The pertinent provisions of the aforementioned mandate are provided below:

The cable television section of the division of public utilities and carriers shall take all necessary steps to ensure that Rhode Island shall regulate the rates charged by cable television companies to the full extent allowable under federal law, provided however, the division shall hold public hearings and the cable television companies shall justify and explain at the hearings the necessity for all rate increases of regulated rates.

The following counsel entered appearances at the hearing:

For Cox: Alan D. Mandl, Esq.

For the Division’s
Advocacy Section: Leo J. Wold, Esq.
Special Assistant Attorney General

At the hearing, Cox proffered supporting testimony from Mr. Gary Dalton, Vice President of Business Operations. Mr. Dalton explained how this

year's FCC 1240 and 1205 forms were calculated and also provided details surrounding this year's rate changes.

After briefly examining Mr. Dalton, the Advocacy Section recommended that the Division approve Cox's rate notification submittal.

FINDINGS

The Cable Television Consumer Protection and Competition Act of 1992, and the FCC Rules promulgated thereunder limit the Division's jurisdiction to a review of "basic" cable service only. In this specific filing, Cox's basic service rates are remaining the same. With respect to Cox's concomitant equipment rental, installation and miscellaneous charges, the Division's review is limited to checking compliance with a federally prescribed rate formula.

The Division has performed the federally prescribed review of Cox's Form 1240 and Form 1205 filings, with respect to Cox's basic tier services and rental, installation and miscellaneous charges, and finds that the proposed rates comport with the FCC rules. Accordingly, the Division must approve Cox's basic service rates and the charges related to Cox's equipment rental, installation and miscellaneous charges.

Now, therefore, it is

(18861) ORDERED:

1. That Cox's December 1, 2006 FCC Form 1240 and Form 1205 rate change notification filing, is hereby approved.

2. That the approval granted herein is exclusively limited to the “basic” service, “equipment rental”, “installation” and “miscellaneous” rates discussed in this order.

Dated and Effective at Warwick, Rhode Island on February 8, 2007.

John Spirito, Jr., Esq.
Hearing Officer

APPROVED: _____
Thomas F. Ahern
Administrator