

Order 20253 - Cox Comm.: Rate Change Notification Filing

**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
Notification Filing

Docket No. 2010-C-1

REPORT AND ORDER

On December 28, 2010, 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] Amendments to the filing were subsequently submitted by Cox on January 18, and 25, 2011.^[2] The instant rate change notification only applies to those customers living in Rhode Island CATV Service Area 7, which is comprised of the communities of Newport, Middletown, Portsmouth, Tiverton, Little Compton and Jamestown.^[3] The rate changes are slated to go into effect on April 1, 2011.

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”).^[4]

The “Form 1240” and “Form 1205” rate filing methodologies permit Cox to seek rate changes 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. ^[5] 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 and installation charges; and to provide an opportunity for interested parties to express their views. ^[6]

In Service Area 7, 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 Form to correct the inflation adjustment for the true-up period, which results in increases (or decreases) in the “Maximum Permitted Rates” (“MPR”) and operator-selected rates. Cox’s latest 1240 Form reflects the following changes in the MPRs associated with current basic installation and equipment rates, along with Cox’s “Selected Rate” decisions ^[7]:

Installation:	Current Retail Rate	MPR	Operator Selected Rate	Rate Increase/ Decrease
Installation of Unwired Home	\$54.40	41.30	41.30	(13.10)
Installation of Prewired Home	\$29.70	20.95	20.95	(8.75)
Add/Move/Reconnect A/O At time of Initial Install	\$21.23	17.50	17.50	(3.73)
Add/Move/Reconnect A/O After Initial Install	\$30.15	20.20	20.20	(9.95)
Digital Install	\$49.95	41.30	41.30	(8.65)
<hr/>				
	Current		Operator	Rate Increase/

Equipment:	Retail Rate	MPR	Selected Rate	Decrease
Remotes	\$0.17	0.11	0.11	(0.06)
Digital Receiver	\$4.98	5.10	4.98	-
DVR/High Definition Receiver	\$4.98	5.10	4.98	-
Change of Service (In Office)	1.99	1.99	1.99	-
Change of Service (Home Visit)	\$22.96	21.93	21.93	(1.03)
Service Visits Unrelated to Cox Equipment or Signal	\$22.96	21.93	21.93	(1.03)

With respect to Cox's Basic Service Rates, the Company's 1240 Form filing [\[8\]](#) reflects the following MPR information and Cox's selected rates :

Basic Service Rates:	Current Retail Rate	Operator MPR	Rate Increase/ Selected Rate	Decrease
Limited Basic Service	\$16.99	25.46	16.99	-
RI Public Access/DPUC	\$0.48	0.48	-	
RI State Regulatory Fee	\$0.09	0.09	-	
	<u>\$17.56</u>	\$25.46	<u>\$17.56</u>	<u>-</u>

PUBLIC HEARING

The Division conducted a public hearing on the instant rate notification filing on January 25, 2011. 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: Jon Hagopian, Esq.
Special Assistant Attorney General

At the hearing, Cox proffered supporting testimony from Mr. Michael Patrie, Senior Manager Finance. Mr. Patrie explained how this year's FCC 1240 and 1205 forms were calculated.

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. Regarding Cox's concomitant equipment rental and installation charges, the Division's review is limited to checking compliance with a federally prescribed rate formula. In this specific filing, Cox's basic service rates and concomitant equipment rental and installation charges are either remaining the same or being decreased.

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 and installation charges, and finds that the proposed MPR rate changes comport with the FCC rules. Accordingly, the Division must approve Cox's basic service rates and the charges related to Cox's equipment rental and installation charges.

Now, therefore, it is

(20253) ORDERED:

That Cox's December 28, 2010 FCC Form 1240 and Form 1205 rate change notification filing, as amended on January 18 and 25, 2011, is hereby approved.

Dated and Effective at Warwick, Rhode Island on January 26, 2011.

APPROVED: _____

John Spirito, Jr., Esq.
Hearing Officer

Thomas F. Ahern
Administrator

[\[1\]](#) Cox Exhibit 1.

[\[2\]](#) Cox Exhibits 2 and 3.

[\[3\]](#) Unlike in previous years, this rate notification filing is limited to Rhode Island's Service Area 7. Historically, Cox has filed annual rate notifications for seven (7) of the Service Areas in which it does business in Rhode Island (Cox is currently doing business in eight (8) of the State's nine (9) Service Areas). However, under federal law, such filings are not required in Service Areas in which "effective competition" is present. Currently, Cox is offering its **cable** services in seven (7) Service Areas that meet the Federal Communications Commission's ("FCC") standards for "effective competition," and as a result, has been authorized by the FCC to discontinue its rate notification filings for these Service Areas (Service Areas 1,2,3,4,5,6 and 8) to the State of Rhode Island (See FCC decisions: DA 08-852, released on April 10, 2008 (revoking Rhode Island's authority to regulate Cox's basic **cable** service rates in Service Area 6); and DA 09-416, released on February 20, 2009 (revoking Rhode Island's authority to regulate Cox's basis service rates in Service Areas 1, 2, 3,4 and 8)).

[\[4\]](#) See FCC **Cable** Television Service Rules and Regulations, 47 Sec. 76.922, et seq.

[\[5\]](#) See 47 C.F.R. Sec 76.922(3).

[\[6\]](#) See 47 C.F.R. Secs. 76.922, 76.933 and 76.935.

[\[7\]](#) Cox Exhibit 2.

[\[8\]](#) Cox. Exhibit 2.