

BOARD OF ALDERMEN

ITEM NO. D(1)

AGENDA ITEM ABSTRACT

MEETING DATE: March 2, 2004

TITLE: A Request to Approve the 2004 Time Warner Cable FCC1240 & FCC1205 Rate Order

DEPARTMENT: Manager's Office	PUBLIC HEARING: No
ATTACHMENTS: A. Resolution B. Rate Filing Report	FOR INFORMATION CONTACT: Bob Sepe, Action Audits – (919) 467-5392 Richard White, 918-7314

PURPOSE

Time Warner Cable of Raleigh-Durham (Time Warner) has submitted FCC1240 Updating Annual Maximum Permitted Rates filing for Regulated Cable Services and a consolidated "Company" FCC1205 Determining Regulated Equipment and Installation Costs filing with the Town to set the regulated rate for the Hourly Service Charge (HSC), Installation Services and Equipment rental rates. The Cable Television Consumer Protection and Competition Act of 1992, the Federal Telecommunications Act of 1996, the Town Code, and regulations adopted pursuant to that Code, permit the Board of Aldermen to regulate rates for basic cable services and associated equipment. Bob Sepe, a consultant with Action Audits, has reviewed Time Warner Cable's 2004 cable television rate filings. The purposes of this item are to request that the Board 1) receive public comments; 2) adopt Mr. Sepe's report as its own; and 3) approve the rate order.

INFORMATION

Time Warner Cable submitted an FCC-1240 Updating Maximum Permitted Rates filing for Regulated Cable Services with the Town and a consolidated "Company" FCC1205 Determining Regulated Equipment and Installation Costs filing with the Town to set the regulated rate for the Hourly Service Charge, Installation Services and Equipment rental rates. The Federal Communications Commission has transmitted rate filing procedures that allow cable operators to estimate future external costs, costs associated with system upgrades, and to recover those projected costs utilizing the FCC-1240 filing process which is performed annually. At the November 18, 2003, the Board of Aldermen approved the 2004 Time Warner Cable Tolling and Accounting Order to Extend the Review Period for this filing.

Time Warner's filings encompass external costs, inflation rates, and program costs for the period of October 2002 through September 2003 and the projected period of January through December 2004. Basic service tier (BST) cable television rates were adjusted for inflation and program cost increases.

Mr. Sepe reviewed his findings with the Cable Television Committee on February 3, 2004. He stressed that adoption of the rate order preserves the town's regulatory authority and allows the Town to issue rate reductions upon discovery of new evidence or circumstances to the contrary. The members present recommended that the Board accept public comments, adopt the report, and approve the rate order.

FISCAL IMPACT

N/A

RECOMMENDATION

The Administration recommends that the Board 1) accept public comments; 2) adopt Mr. Sepe's report on Time Warner Cable's rate filing as its own; and 3) approve the rate order.