

THE COMMONWEALTH OF MASSACHUSETTS

**DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY
CABLE TELEVISION DIVISION**

In the Matter of) Docket No. CTV 01-8
) Date Issued: December 2, 2002
)
Charter) Auburn, CUID MA 0073 North Brookfield, CUID MA 0308
Communications) Barre, CUID MA 0329 Northborough, CUID MA 0197
Entertainment I,) Belchertown, CUID MA 0286 Northbridge, CUID MA 0180
L.L.C.) Berlin, CUID MA 0333 Oakham, CUID MA 0344
) Boylston, CUID MA 0260 Oxford, CUID MA 0120
) Brookfield, CUID MA 0335 Paxton, CUID MA 0304
) Charlton, CUID MA 0309 Pepperell, CUID MA 0281
) Chicopee, CUID MA 0087 Rutland, CUID MA 0328
) Dudley, CUID MA 0036 Southamptn, CUID MA 0184
) East Brookfield, CUID MA 0312 Southborough, CUID MA 0259
For a) East Longmeadow, CUID MA 0092 Southbridge, CUID MA 0029
Determination of) Easthampton, CUID MA 0107 Spencer, CUID MA 0043
Cable Television) Grafton, CUID MA 0177 Sturbridge, CUID MA 0209
Rates) Groton, CUID MA 0282 Sutton, CUID MA 0292
) Hadley, CUID MA 0285 Upton, CUID MA 0242
) Hampden, CUID MA 0103 Uxbridge, CUID MA 0290
) Harvard, CUID MA 0334 West Boylston, CUID MA 0319
) Hinsdale, CUID MA 0313 West Brookfield, CUID MA 0305
) Holden, CUID MA 0179 West Stockbridge, CUID MA 0311
) Hubbardston, CUID MA 0330 Westborough, CUID MA 0198
) Lanesborough, CUID MA 0300 Westport, CUID MA 0297
) Leicester, CUID MA 0044 Wilbraham, CUID MA 0054
) Ludlow, CUID MA 0081 Worcester, CUID MA 0018
_____) Millbury, CUID MA 0121

ORDER ACCEPTING COMPLIANCE FILING

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On October 23, 2002, the Cable Television Division (“Cable Division”) of the Department of Telecommunications and Energy issued a rate order concerning Charter Communications Entertainment I, L.L.C.’s (“Charter” or “the Company”) basic service tier (“BST”) programming and equipment rates for the above-referenced communities. Charter Communications Entertainment I, L.L.C., CTV 01-8 (2002) (“Order”). In the Order, the Cable Division directed Charter to take the following immediate steps. First, we directed Charter to remove public, educational and governmental (“PEG”) access operating grants that constitute franchise fees, as defined by 47 U.S.C. § 542, from the rate calculation in all FCC Form 1240 communities where these fees had been included on the form as franchise related costs, and to file revised FCC Form 1240s. Second, we directed Charter, in those communities where franchise fees are calculated as a percentage of gross revenue, to begin billing each subscriber for franchise fees as a percentage of the total of his or her individual bill. Third, we directed Charter to recalculate its franchise related costs on Worksheet 7, True-Up Period, Line 707, of its FCC Form 1240s, by including only 11 months of its franchise related costs, instead of 12 months, in order to correspond with the length of the true-up period; and to file a refund plan for any resulting overcharges, calculating the per-subscriber refund for each community.

Charter submitted its compliance filing on November 6, 2002. Pursuant to the Rate Order, Charter refiled its FCC Form 1240s for the following 23 communities with the franchise fee removed: Auburn, Chicopee, East Longmeadow, Easthampton, Grafton, Holden, Leicester, Ludlow, Millbury, Northborough, Northbridge, Oxford, Paxton, Southamptton, Southborough, Southbridge, Spencer, Sturbridge, West Boylston, West Brookfield, Westborough, Wilbraham, and Worcester. No refilings were required for Boylston, Dudley and Hampden, as no operating grants had been included in the Projected Period of these forms’ FCC Form 1240s.

Second, Charter reported that it would implement the change in its billing practice for franchise fees calculated as a percentage of gross revenue, on the first billing cycle for which the change can be implemented. The Company sought to implement this change on February 1, 2003 in order to minimize customer confusion. (This is the same date that Charter’s new BST rates, proposed on FCC Form 1240s filed with the Cable Division on November 4, 2002, would come into effect, pursuant to 47 C.F.R. § 76.933(g).)

Third, Charter provided a refund plan that repaid subscribers for overcharges resulting its inclusion of 12 months, instead of 11 months, of franchise related costs on its forms. These refunds would be implemented in February 2003, in the 19 communities affected by these overcharges: Auburn, Easthampton, Grafton, Holden, Leicester, Ludlow, Millbury, Northborough, Northbridge, Oxford, Paxton, Southamptton, Southbridge, Spencer, Sturbridge, West Boylston, Westborough, Wilbraham, and Worcester. Charter further reported that the recalculation of franchise

related costs to adjust for 11 months of true-up is moot, as the operating grant component of the original franchise related cost total on a going-forward basis will be taken out in the revised FCC Form 1240s. The Company stated that the remaining franchise related costs on the forms, consisting of operating expenses and capital components, already represent only 11 months of activity.

Based on our review, we determine that Charter's revised FCC Form 1240s have appropriately removed franchise fees and do not reflect excessive true up. We find that Charter's proposal to implement its franchise fee recovery change on February 1, 2003 is reasonable and appropriate. We further find that Charter's refund plan has been properly calculated, and will appropriately return overpayments to the affected subscribers.

Upon due notice, hearing and consideration, the Cable Division hereby accepts as reasonable and in compliance with applicable statutes and regulations, Charter's FCC Form 1240s as filed on November 1, 2001, for Boylston, Dudley and Hampden.

Further, upon due notice, hearing and consideration, the Cable Division hereby accepts as reasonable and in compliance with applicable statutes and regulations, Charter's FCC Form 1240s as revised on November 6, 2002, for Auburn, Chicopee, East Longmeadow, Easthampton, Grafton, Holden, Leicester, Ludlow, Millbury, Northborough, Northbridge, Oxford, Paxton, Southampton, Southborough, Southbridge, Spencer, Sturbridge, West Boylston, West Brookfield, Westborough, Wilbraham, and Worcester.

The Cable Division further finds that Charter's refund plan is just and reasonable and in compliance with applicable law. The Cable Division directs Charter to file, within 30 days of the payment of its refunds, a report that describes, for each community where a refund is due: (i) the amount of the refund credited to a subscriber's bill; (2) the total amount of the refunds paid in the community.

The attached schedule reports the previous, current, proposed and approved basic service tier programming and equipment rates for each community.

**By Order of the
Department of Telecommunications and Energy
Cable Television Division**

**/s/ Alicia C. Matthews
Alicia C. Matthews
Director**

