



31, 1998 (hereinafter referred to as "Rate Filing"), for the period April 1, 1999 through March 31, 2000;<sup>2</sup> and

WHEREAS, the State retained a financial consultant to assist it in the streamlined rate review process; and

WHEREAS, the State reviewed the Rate Filing, and prepared a proposed rate order, a copy of which was provided to the Company prior to the issuance of this Rate Order; and

WHEREAS, the Company has the burden of proving that its proposed adjustment is in conformance with the FCC Rules;<sup>3</sup> and

WHEREAS, under the FCC Rules an operator who chooses to use FCC Form 1240 may update its permitted programming rates on an annual basis, and may adjust its rates to reflect reasonably certain and quantifiable changes in external costs, inflation and the number of regulated channels that are projected for the 12 months following the rate change;<sup>4</sup> and

WHEREAS, in general, the annual rate adjustment has two components - the first component is based on the operator's projected costs, and the second component is based on the costs which an operator has actually incurred; and

WHEREAS, under the Thirteenth Order on Reconsideration, an operator that elects to use the annual adjustment methodology may adjust its programming rates once per year on a maximum permitted rate that accounts for reasonably certain and reasonably quantifiable changes in external costs, inflation, and the number of regulated channels that are projected for the 12 months following the rate change; and

WHEREAS, the annual adjustment methodology also provides a "true-up" mechanism to correct differences between the operator's projected costs and the actual costs that occurred during the 12 month period; and

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<sup>2</sup>The Rate Filing submitted for the Company's Maui system covers Community Unit Identification number CUID HI0033, HI0034, HI0035, HI0037, HI0039, HI0087, HI0089, and HI0100.

<sup>3</sup>See 47 C.F.R. Section 76.937(a), and Section 16-133-46 of the Department's Rules.

<sup>4</sup>See Thirteenth Order on Reconsideration, paragraph 7 at p. 4, FCC 95-397 (rel. September 22, 1995); 47 C.F.R. section 76.922(e).

WHEREAS, the "true-up" mechanism provides that if the operator has not recovered actual costs it incurred, the operator may add such costs to its rates at a later date, with interest, and it requires that the operator return to subscribers any overcharges that occurred, with interest; and

WHEREAS, in its Rate Filing the Company seeks to justify \$9.50 as the Maximum Permitted Rate for Projected Period, and the Company selected \$9.50 as the Operator Selected Rate for Projected Period;<sup>5</sup> and

WHEREAS, after review of the Company's Rate Filing there were no adjustments necessary to the Company's proposed Maximum Permitted Rate for Projected Period;

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Company's proposed Maximum Permitted Rate for Projected Period of \$9.50 for the basic service tier is approved.

2. The Company's Maximum Permitted Rate for Projected Period, exclusive of franchise and regulatory fees and taxes, for the basic service tier (assuming a 14 channel tier) as of April 1, 1999 and continuing up to the effective date of the Company's subsequent adjustment implemented in accordance the FCC Rules, shall be \$9.50.

3. The Company may not make adjustments for overestimated or underestimated costs in the Rate Filing, nor may the Company increase its basic service tier rate, institute charges for any other types of service, equipment or installation associated with the basic service tier, without first complying with all applicable laws or regulations, including but not limited to FCC rules, regulations and orders.

4. The Company may charge rates less than the maximum permitted rate indicated herein, as long as such rates are applied in a uniform and nondiscriminatory way, pursuant to applicable federal, state, and local laws and regulations.

5. With respect to the Company's next adjustment to the approved Maximum Permitted Rate for the basic service tier set forth in paragraph 2 hereof, the Company's FCC Form 1240 (for the period April 1, 2000 through March 31, 2001) shall include the following: Line A1 \$9.50; Line D2 \$0.4282; Line D4 \$0.0200; Line D6 (\$0.2237); and Line D7 \$0.0756.

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<sup>5</sup>According to tariffs filed by the Company, \$9.50 (exclusive of franchise fees and taxes) is the actual charge to subscribers for the basic service tier effective as of April 1, 1999.


6. This Rate Order is not to be construed as a finding that the State has accepted as correct any specific entry, explanation or argument made by the Company not specifically addressed herein.

7. The State reserves the right to modify this Rate Order if, at any time, it determines that the information the Company provided to the State is incorrect or misleading in any material manner, or that the Company is not in compliance with this Rate Order.

8. The State reserves all rights it has under FCC Rules including the right to review any pending rate filing submitted by the Company, and to establish reasonable rates for the basic service tier and associated equipment and installation charges, in the event the State determines that the proposed rates or charges are unreasonable under FCC Rules, including any modifications or amendments to such rules.

9. This Rate Order is issued and is effective as of the date hereof.

DATED: Honolulu, Hawaii May 13, 1999.



Kathryn S. Matayoshi  
Director  
Commerce and Consumer Affairs  
State of Hawaii

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing DECISION AND ORDER NO. 248 was served upon the following parties at the address shown below by mailing the same, postage prepaid, on May 13, 1999.

MS. STACIE O. KELLEY  
TCI Cablevision of California, Inc.  
12647 Alcosta Blvd., STE 200  
San Ramona, CA 94583

For TCI of Hawaii, Inc.

*Patti K. Kodama*

Patti K. Kodama  
Secretary