

# Cable from page A1

is certainly an unusual situation."

He said the dispute "has nothing to do with rates but with the franchise renewal with the city."

"What they want us to do is put down on paper a larger amount than what we have been spending on (community cable) access."

"The effect of the (SWOCC) resolution is that it would increase the maximum allowable rate we could charge," he said, adding his company is charging "at least a dollar a month less on broadcast basics than what it is allowed to charge."

But SWOCC claimed in a Sept. 29 resolution that Time Warner is "in violation of its obligations" and said it won't approve the increased rates if the firm has charged since January.

It also gave the corporation 30 days "to cure the defect ... by making appropriate adjusted filings."

Bjorklund said Time Warner has received the resolution "and will be responding officially

within the requested 30 days."

The dispute involves differing interpretations of the Federal Communications Commission's implementation of rules on calculating "external costs" - community access, studio, staff, operating costs and building and equipment costs - and also on the FCC's two-year-old "social contract" between itself and cable providers.

The "contract" gave companies the right to make an automatic \$1-per-year charge in exchange for community service and such other things as fiber-optic upgrades.

SWOCC officials say that means \$1 spread over 12 months, but Time Warner interprets it as \$1 per month, or \$12 per year per customer.

"The (automatic) rate issue is something we're not happy with," said Caren Collins, SWOCC executive director.

There was no input from the communities on the rate increase.... We're not happy with the FCC or Time Warner....

There was no additional benefit to us."

SWOCC said it needs Time Warner to correct external cost calculations it used in filing last fall for the January 1998 rate increase so that SWOCC can determine whether a refund is warranted.

"We have an obligation to review the rate filings because we are a local rate regulator," said Collins of SWOCC.

"That does not necessarily mean we have full control over rates - we do not. "What our action is doing is indicating that Time Warner did not correctly fill out these filings. It does not mean there will be a refund immediately, and we don't know if there will be one down the road. But we have to have a proper filing so we know if we can accept the rates. And Time Warner did not file properly."

"Filings" refers to listing of costs the cable provider incurs for providing community access, studio, staff, operating costs and building and equipment costs, she said, which are required by the FCC to be reported.

SWOCC said Time Warner "incorrectly calculated public, educational and governmental costs" and "improperly calculated the amortization of fixed



Hills Mayor Aldo Vagnozzi

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Aldo Vagnozzi  
-Hills mayor

made it a 65-cent-per-month charge," he said. "Then we found out, a year later, they had reversed themselves."

The FCC, he charged, "is in a nice, cozy arrangement with the (cable TV) industry. Time Warner's net worth has gone up tremendously - 250 percent - last year, so they're not hurting, but they just keep piling it on, piling it on the rate-payers."

Alluding to cable TV's clout, Vagnozzi said there was "a rumbling earlier this year" in the U.S. Congress about cable TV issues after a lawmaker's father "got stifled" by a cable company. "But most congressmen, when they've handled (cable TV) once, they don't want to do it again."

Another SWOCC commission member, Farmington City Manager Frank Luthoff, said that Congress "has to step up and

look at it (cable TV regulations). It can't continue to say 'It's the best we can do.'" He called for regular reviews.

Vagnozzi pointed out that, according to a SWOCC chart, cable rates from February 1990 through January 1998 have risen 38 percent.

Time Warner's combined rate for basic cable (channels 1-22) and extended cable (channels 23-65), which took effect Oct. 1, is \$3.91 over last January's \$29.02.

Premium channels are up in price, also: \$9.50 for the first premium channel, \$8.50 for each after that. Time Warner previously charged \$8.95 per month for HBO, \$8.95 for Cinemax.

Ameritech, which supposedly is bringing its American cable TV to the SWOCC area, has yet to make a formal proposal.

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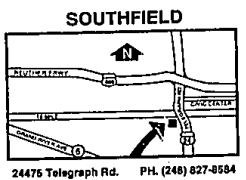
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