

**FRIDLEY CITY CODE**  
**CHAPTER 406. CABLE COMMUNICATIONS RATES AND RATE CHANGE**  
**PROCEDURE**

(Cross Reference: Chapter 405) (Ref. 765, 816)

**PREAMBLE**

The City of Fridley does ordain that it is in the public interest to set forth the applicable rates for cable communications service and to prescribe a rate change procedure affording the public reasonable notice and an opportunity to be heard.

**406.01. GENERAL PROVISIONS**

1. Short Title.

This Chapter shall be known and may be cited as the "Fridley Cable Communications Rate Chapter."

2. Definitions.

Words used herein shall be defined in accordance with the provisions of Section 405.03 of the City of Fridley Cable Communications Franchise Chapter.

3. Regulation of Rates; Effective Date.

A. No charge shall be made or imposed by the Grantee for any cable communications service subject to regulations by the City, except in accordance with the provisions of this Chapter and the provisions of the City of Fridley Cable Communications Franchise Chapter.

B. This Chapter shall be in effect, after passage and publication, as of the date the City of Fridley Cable Communications Franchise Chapter becomes effective; and shall remain in effect until amended or superseded in accordance with the provisions set forth herein.

4. Captions.

Section captions or headings are intended solely to facilitate reading and reference to the provisions of this Franchise Chapter and shall not affect the meaning or interpretation of any provision.

5. Severability.

If any section subsection sentences, clause, phrase or portion of this Rate Chapter is, for any reason, held invalid or unconstitutional by any court or administrative agency of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions thereof.

**406.02 RATES AND OTHER CHARGES**

1. Rates and Other Charges.

A. Rates and charges charged by Grantee for monthly service and installation and other charges hereunder shall be uniform, fair and reasonable.

B. The initial rate for basic service shall not exceed the following:

Basic Service (35 Channels)

First TV outlet-monthly charge	\$10.00
Installation	\$25.00
Additional outlets with identical service, each-monthly charge	\$3.00
Installation	\$10.00

C. The initial rates for premium services shall be as follows:

Premium Services

Premium Service/each	\$10.00
Additional outlets with identical service, each-monthly charge	\$3.50
Installation	\$10.00
(service addition)	(maximum)

Service in the City shall consist of basic service plus one (1) or more premium services as selected by subscriber.

At the present time, the federal government does not allow the City to regulate the rates for premium services. In the event that this policy is changed, Grantee's provision of premium services shall be subject to the City's rate regulation authority. In any event, no rate change for any premium service shall be effective unless Grantee gives at least thirty (30) days advance notice of the increase to all subscribers and Grantor.

(1) The other initial rates shall be as follows:

Other Rates

Reconnection	\$15.00
Converter rental (for a video cassette recorder)	\$2.50
Government and educational facilities (monthly basic service only)	No Charge
Senior citizen discount (available to those 65 or older who are head of households)	25% on Basic Service
Lock-out boxes (one time only purchase)	\$35.00

(2) Grantee reserves the right to collect a refundable deposit on any and all converters.

D. Notwithstanding the previous paragraph, Grantee may offer both its initial and additional installation services to subscriber at uniformly applied reduced rates.

E. Leased access channels shall be made available on a first come, first served basis. Grantee shall make available both playback equipment and cablecasting technicians needed for the playback of programs. Rates for studio usage will be determined on a case-by-case basis and will be established by considering such factors as personnel requirements, hours of studio time required, staging, prop and equipment requirements. In any event, leased access channels shall be made equitably available to all at uniformly applied rates.

F. Service requests for maintenance or repair of the System shall be performed at no charge to a subscriber. Grantee reserves the right to assess an appropriate charge for damage to System caused by a subscriber. The cost of time and material for repair and replacement shall constitute appropriate charges.

**406.03. LINE EXTENSION.**

1. Line Extensions.

A. Installation charges as set forth in Section 406.02.1 of this Chapter shall apply in all areas where density is forty (40) homes per mile or higher.

B. Grantee will extend service, upon request,, to areas where densities are lower than forty (40) homes per mile at the following additional cost per installation:

<u>Density Per Mile</u>	<u>Additional Cost Per Installation</u>
30 - 39	\$30.00
20-29	\$50.00

C. Areas where there are nineteen (19) or less homes per mile will be served on a cost-sharing basis between the System and the subscribers on a graduated basis as follows:

<u>Density Per Mile</u>	<u>Percentage of Cost</u>	
	<u>Cost Paid by Grantee</u>	<u>Cost Paid By Subscriber</u>
15 19	50%	50%
10-14	30%	70%
9 or fewer	0%	Time and materials

D. There will be no free installation period in these areas.

**406.04. RATE CHANGES**

1. Rate Changes.

A change in any regulatable rate as set forth in Section 406.02.1B and 406.02.1D, when not inconsistent with applicable requirements of the FCC, the Board, or other lawful authority, may be initiated by Grantee. Any such rate change shall be subject to approval by the City in accordance with the provisions of this Section and the following paragraphs:

A. No rate change may be made without approval of four (4) affirmative votes of the City Council of the City.

B. No rate change shall be approved that would result in different rates or charges for service to similarly situated subscribers in the rate territory.

C. No rate or charge change will be approved unless all of the standards and prerequisites for review have been met and complied with and determinations have been made, all pursuant to this Section.

D. The standards for reviewing a proposed rate change will include at least the following, except when the change is required of Grantee by federal or state action or unless further review is not deemed necessary by the City.

- (1) The ability of Grantee to render System services and to derive a reasonable profit therefrom under the existing rate schedule and proposed rate schedule;
- (2) A fair rate of return on net investments;
- (3) A fair rate of return with respect to investments having similar risks to that of providing cable communications services;
- (4) The extent to which Grantee has adhered to the terms of this Franchise and the cost of adhering thereto;
- (5) Capital expenditures made by Grantee;
- (6) Grantee's adherence to the terms of the Franchise with respect to community programming requirements;
- (7) In any proceeding, the City may consider the extent to which payment or compensation is reasonably made to parent or an affiliated interest for any services rendered or property or service furnished. In such proceedings, any payment made by Grantee to parent based upon allocations of corporate resources in accordance with FCC Form 326 shall be deemed reasonable. Grantee shall provide FCC Form 326 notwithstanding federal requirements. Other payments shall be justified by Grantee with an itemized statement. If Grantee fails to justify other payments, the City may disallow those payments in whole or in part if the City finds that said payments did not reasonably relate to the service rendered or property furnished by the parent or affiliate;
- (8) Such other factors as the City may deem relevant.

E. The procedures to be followed in changing a rate or charge shall include at least the following:

- (1) An application for a rate change will be submitted to the City and a copy filed with the Board.
- (2) The application shall be supported by statistical and other proof indicating that the existing rate or charge is inadequate and that the proposed increases are required to enable the Grantee to render service to fulfill its obligations under this Franchise and to derive a reasonable profit therefrom.

(3) The application shall include, upon request of the City, current information and financial information with at least the following:

- (a) Balance sheet;
- (b) Income statement;
- (c) Statement of sources and applications of funds;
- (d) Detailed supporting schedules of expenses income, assets and other items as may be required by the City;
- (e) Statement of current and projected subscribers;
- (f) A current list of rates and charges of Grantee applicable to its Systems, or owned or operated by its parent corporation or other subsidiaries or affiliates of its parent corporation;
- (g) A current list of rates and charges for other systems in the seven (7) county metropolitan area.

(4) The application shall include, upon request of the City, explanatory material detailing the methods for determining debt and equity portions of the balance sheet; the basis for interest expense; depreciation methods; the methods for any corporate overhead allocations; and the basis for taxes, including any investment tax credits.

(5) The City will notify the Grantee and the Board and schedule a public hearing on the request not less than twenty (20) days nor more than forty (40) days from the date of receipt of the application, if the application contains all information requested pursuant to Sections 406.04.1E(3) and (4). Grantee will notify the public through providing notice for one (1) week, each day between 7:00 p.m. and 9:00 p.m. on two (2) channels of the day, place and time of the hearings. The City will publish notice not less than twenty (20) days prior to hearing in its official newspaper.

(6) After closing the public hearing, the City will have sixty (60) days within which to make its determination. Any approved change in rates or charges shall become effective upon the date the rate change is granted by the City.

(7) If the City fails to act upon the requested change of rates or charges within the sixty (60) day period, the requested change of rates or charges shall become effective. The City may appeal pursuant to the then applicable procedures of the Board.

F. The City may utilize a rate consultant to advise it on proposed rate changes and to assist in maintaining uniform rates within the rate territory. The expenses of a rate consultant shall be borne by the Grantee if:

- (1) The proposed increase would result in a rate thirty percent (30%) higher than the median rate for service defined as basic service for the seven (7) county metropolitan area; and
- (2) The City and Grantee mutually agree upon the rate consultant to be retained. Consent shall not be unreasonably withheld by either party.

In all other events, the expense of a rate consultant shall be borne by the City.

G. Except as provided below, the City shall bear all costs for review of an application for a rate or charge change. In the event the proposed rate or charge change will result in a rate or charge thirty percent (30%) higher than the median rate for that service defined as basic service in the seven (7) county metropolitan area, all expenses incurred by the City in reviewing and processing the application shall be borne by Grantee. The cost shall include, but not be limited to, attorneys' fees and the reasonable value of service (as determined by the City) rendered by, the City or any of the City's employees, agents or representatives. The City shall notify Grantee of any consultants, other than rate consultants, to be employed, the purpose of such employment and the anticipated costs. Nothing herein shall preclude either party from recovering its expenses through litigation of a contested rate change proceeding.

H. The City shall have the power and right to submit to arbitration the fixing of any rates or charges to be made by Grantee.

I. Any time limit may be waived only if the City and Grantee consent.