

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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JUN 21 1993

In the Matter of)

Implementations of Sections of)
the Cable Television Consumer)
Protection and Competition Act)
of 1992)

Rate Regulation)

MM Docket 92-266

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

To: The Commission

PETITION FOR RECONSIDERATION

Alaska Cablevision, Inc. ("ACI") operates nine cable television systems in rural, remote Alaskan communities. One is above the Arctic Circle, six have no road access and are reachable only by air or water (in a couple cases by water only during the summer thaw season) and all but one have approximately 1,000 or fewer customers. There are other Alaskan systems operating under similar conditions. The circumstances of these rural, isolated systems bear little resemblance to those of either the Alaska metropolitan systems (such as Anchorage and Juneau) or "lower 48" systems, whether large or small.

As we have attempted to illustrate in our previous comments to the Commission, the costs of doing business significantly exceed both "lower 48" and Alaska metro area

and need in the future to reflect, these unusually high costs. As an example, the current rates of a typical ACI system (Valdez, Alaska - with 27 non-premium channels) are 240% higher for those channels than the rates received by an otherwise fairly similar "lower 48" system (Burney, California), a system operated by a sister company with the same management and offering 25 non-premium channels. On a per channel basis, the Valdez, Alaska system's rate is 223%

Since 1986 or "deregulation", the increases in cable rates by ACI systems have fallen well within the range of increases in the prices of other comparable good and services in Alaska. ACI suggests that the foregoing validate the reasonableness of the current and the 1986 Valdez rate levels and, therefore, accurately and graphically illustrate the dramatic amount of adjustment that would need to be made to make the benchmark approach apply fairly to ACI's Alaska systems.

Broad based cost of living type indexes fall far short of accurately reflecting the cost of doing this type of business in these areas. Therefore, it will not suffice simply to apply to the adopted "lower 48" based benchmarks a differential derived from a comparison of indexes for the different regions. In its formal comments filed with the Commission, ACI has provided numerous illustrations of the types of non-standard expenses that are experienced in small, frigid and remote areas.

Given the above considerations, ACI urges:

- A. That the Commission provide relief from the burden of rate regulation to Alaska cable television systems, at least those not within metropolitan areas.

- B. That where, during a significant period of time, a system's rates could have been regulated had its subscribers chosen to cause them to be, the current rate levels should be presumed reasonable, particularly where the rate increases have remained reasonably within an envelope of the price increases for other goods and services of a comparable nature in the area. Likewise, future increases by small systems should be presumed reasonable if they fall within the range of increases by other similar goods and services in the area.
- C. That in no event can ACI's small, widely separated systems, or their limited numbers of subscribers, bear the burdens of utility type rate regulation, either in the first instance or as a last resort means of escaping confiscatory rates. A rate base, cost of service method, particularly one that applies only historical cost without recognition of current values, would be the death knell of systems like ACI's and would result in massive losses by the banks and other financial institutions that have provided the funds to create and enhance these higher risks small ventures. In any event, whatever the rate base method, the cost of such a proceeding spread over small system subscriber bases would be economically disastrous.

ACI urges the Commission to exempt cable television systems in Alaska entirely from all rate regulation provisions of the Cable Television Consumer Protection and Competition Act of 1992 ("The 1992 Act"). The Act clearly advises the Commission to give small cable systems special consideration. ACI believes that the economics of small Alaska systems warrant such consideration and should exempt them entirely from burdensome rate regulation that has not been needed in the past.

Respectfully Submitted
ALASKA CABLEVISION, INC.

By: 

DATED: 0/18/93