11 percent interest on its debt, if its debt equals or exceeds its assets, all of its rate of return will be consumed satisfying interest expense. It will be forced to satisfy its principal payments out of non-cash expenses such as depreciation. If this occurs, the small business or small system operator will not have any monies available for expansion of cable services or participation in the development of the national broadband infrastructure.

Worse yet, those small businesses and small system operators with debt in excess of assets[40], will not be able to justify revenue streams sufficient to pay interest expense, let alone repay principal.

Despite the high debt levels of many small businesses and small cable system operators, cost-of-service ratemaking must nevertheless allow them to earn sufficient revenues to service debt which existed prior to the onset of rate regulation. Even if the Commission desires to modify the capital structures of small businesses and small system operators, changes must be implemented in a manner which allows for transition and change in the industry.

B. The Ratebase Must Include Prior Unrecovered Losses

SCBA's survey indicates that the primary reason that debt exceeds assets is that operators have incurred large operating losses in the earlier years of cable system operations[41].

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[40]Of those SCBA members returning surveys reporting asset and debt information, approximately one third reported debt equal to or in excess of assets. Many more had high debt levels less than 100 percent.

[41]This is consistent with the life cycle theory supported by the Commission that businesses will typically incur start-up losses in initial years of operation which are made up through higher profits in later years. *Notice* at ¶ 56.

1. **Recovery Of Start-Up Expenses**

To disallow recovery of these losses in the later years of a cable system's operation is inequitable as these losses are just as much an investment necessary to provide services to subscribers as was the purchase of headend equipment. Nonrecovery of these losses also violates the investment cycle theory supported by the Commission. Under the investment cycle approach, losses incurred during the initial years of operation are offset by higher profits in later years. The Commission's own proposal for the cost-of-service ratebase ignores this important concept. Cumulative losses represent nothing more than loans by the owners of a small business or an operator of small cable systems. This form of capital must be compensated.

Although the concept of including prior operating losses in the ratebase may not be consistent with traditional rate regulation methods used for telephone companies, their inclusion is again illustrative of the transitional considerations which must be incorporated in these computations. Industries which have been consistently regulated will not have incurred operating losses, as their profitability will typically have been ensured.

2. **Simplification Of Issues Surrounding Prior Years' Accounting**

Inclusion of prior years' losses also eliminates many thorny accounting issues associated with depreciation, amortization and accounting practices in prior years. Throughout the *Notice*, the Commission reviews issues associated with the accounting treatment accorded certain items in prior years.

If prior year losses are allowed in the ratebase as well as amortized over future years, issues regarding whether, for example, depreciation on an asset was overstated in a prior

year has much less significance. If the asset was over-depreciated, depreciation expense was similarly overstated, contributing to prior years' losses. As a practical matter, inclusion of the loss in the ratebase should restore much, if not all, of the over-depreciated amount to the ratebase. The amortization of the losses in future years will substitute for the missing depreciation expense.

3. Losses Should Be Grossed-Up To Reflect Normalized Profits

Mere recognition of losses may not sufficiently increase the ratebase to permit recovery of all prior costs. In fact, the amount of excess expenses realized in prior years is not solely the amount of the loss, but it is the difference between the recorded loss and some measure of profits which should have been earned on the ratebase in existence in that year. For example, if the ratebase would have required a profit of $11,000 and the net loss was ($10,000), the true amount of unrecovered expenses was $21,000, not $10,000.

This approach, while intellectually appealing and advantageous for cable operators, would likely be difficult for smaller cable businesses and operators of smaller cable systems to compute.

The Commission needs to allow not only for the inclusion of cumulative prior year operating losses in the ratebase, but it should also permit the amortization of these losses over a reasonable period of time. Failure to recover these losses as an operating expense means that the increased level of profitability suggested by the investment cycle curve will never be realized.

C. Inclusion Of Plant And Other Tangible Assets

1. The Full Cost Of Plant And Other Tangible Assets Must Be Included In The Ratebase

The Commission proposes limiting the amount of investment in tangible property in service includable in the ratebase to its original cost[42]. At a minimum, operators should be able to value the assets at their acquisition cost, not original construction cost. Acquisition cost was determined as a result of arms length negotiation between third parties. It is not easily subject to manipulation. Operators should be able to recover the cost that they paid for the cable television plant and other tangible assets.

SCBA also supports use of current value (i.e., replacement cost) of tangible assets as that will allow rates of return which will permit additional capital accumulation and attraction to fund construction of the national broadband infrastructure.

2. FCC Prescription Of Rates

SCBA has no conceptual problem with Commission prescribed depreciation rates and lives. The issues faced by small businesses and operators of smaller systems in this respect are identical. SCBA defers to other commenters details of specific depreciation classification and life proposals as many MSOs have conducted extensive asset life studies to determine these attributes.

SCBA urges the Commission, when adopting such lives and methods to balance the interests of the consumers with those of cable operators[43]. While the Commission seeks

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[42]*Notice* at ¶ 33.

[43]Congress required that various factors be taken into consideration when establishing rates, including direct and allocable costs, as well as a reasonable profit. 47 U.S.C. §

to keep rates low, it must also provide adequate depreciation levels for the recovery of an operator's costs in such a manner that operators can continue to meet their existing debt service requirements.

3. Operators Must Be Allowed To Restate Their Accounting Records

Smaller businesses and operators of small systems frequently maintain only a single set of accounting records which are used for tax return preparation. These operators have typically been depreciating their plants over short lives at accelerated rates using the Modified Cost Recovery System ("MACRS")[44].

It is not uncommon for operators to have heavily depreciated their plants for accounting purposes, although such treatment is not in conformance with Generally Accepted Accounting Principles ("GAAP"). While SCBA agrees that GAAP is an appropriate measure for management accounting purposes, operators choosing to perform cost-of-service showings must be able to implement a change in accounting principle (change in depreciation methods) and restate their records as if either GAAP or FCC prescribed depreciation methods and lives had been in place since the date of acquisition or construction of the assets.

To refuse small businesses and operators of small systems these adjustments would penalize them for failure to conform their accounting records to GAAP requirements at earlier points in time when compliance was of no significance. Additionally, the recovery

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543(b)(1)(C).

[44]*See*, e.g., Internal Revenue Code § 167, which provides for depreciation of such property over 7 and 10 year lives using a 200 percent double-declining balance method, half year convention.

of large portions of the capital cost through high depreciation in earlier years bore no relationship to rates. Rather, it would have merely magnified the operating losses reflected on the accounting records. Therefore, permitting restatement would not be detrimental to cable subscribers.

D. Excess Acquisition Costs Must Be Included In The Ratebase

The Commission proposes exclusion of all "excess acquisition costs" from the ratebase under the theory that excess acquisition costs directly benefit the seller, not the ratepayer[45]. Rather, according to the Commission, excess acquisition costs may reflect an expectation of monopoly earnings.

The Commission, without citing authority, asserts that:

> Subscribers may benefit indirectly from the sale if the purchaser is able to realize operating efficiencies that are unobtainable by the seller, but this is not likely to be the case where competition does not exist[46].

The Commission also relies on Congress' reference to Tobin's "Q" ratio as a measure of market power and the fact that the selling prices of cable systems in the 1980's far exceeded their replacement costs[47].

The Commission's proposed exclusion of all intangible assets associated with acquired systems for all cable businesses and systems has two significant flaws: (1) it ignores the reality that an ongoing business has greater value than the mere replacement cost of its tangible assets; and (2) many small cable businesses and operators of small systems have not

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[45]*Notice* at ¶ 36.

[46]*Notice* at ¶ 36.

[47]*Notice* at ¶ 39.

earned monopoly profits.

1. **Some Level Of Intangible Assets Must Be Included In The Ratebase**

Without belaboring the point, simply put, an existing viable business has greater value than the cost of replacing the tangible assets which are used to operate the business. The Commission chooses to disallow excess acquisition costs under the pretense that they do not benefit the ratepayer. The costs to procure a new franchise, to build a new subscriber base and other start-up expenses would be incurred by a de novo operation and, eventually paid for by the ratepayers. Therefore, a blanket exclusion of these amounts is simply not warranted.

Blanket exclusion was also not mandated by Congress[48]. While Congress clearly expressed its concern about the ability to charge monopolistic rates, Congress articulated a series of criteria to be followed by the Commission when establishing rates[49]. None of these requires the elimination of intangible assets when computing rates. Rather, Congress required that the regulations provide, among other things, a reasonable profit[50]. If small businesses and operators of small systems must include intangible assets in the ratebase in order to ensure a profit, then the standards articulated by Congress require that they be added.

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[48]The Commission solicited comment on whether Congress intended that it disallow excess acquisition costs. *Notice* at ¶ 37.

2. Small Cable Businesses And Operators Of Smaller Cable Systems Did Not Earn Monopolistic Profits

The premise that all or, in the case of small cable businesses or operators of small cable systems, some of the intangible assets were acquired for the purposes of earning monopolistic profits, is simply not borne out by data collected by SCBA. Of the surveys returned by systems with intangibles, approximately 50 percent incurred losses or earned only minimal profits over the last three years.

Consequently, the Commission cannot presume that intangible assets, or "excess acquisition costs" of small cable businesses and operators of small cable systems are used to earn monopolistic profits. Rather, they are legitimate assets used in the conduct of their businesses and should be included in the ratebase of small business and operators of small systems.

E. Working Capital Must Be Included In The Ratebase

1. Operators Must Be Able To Choose Between An Industry-Wide Working Capital Allowance And Their Actual Working Capital For Inclusion In The Ratebase

Operators must be allowed to include working capital in their ratebase as such assets are legitimately used to provide services to subscribers before the operator receives payment from subscribers.

From an administrative perspective, small cable businesses and operators of small systems should be permitted to use either an industry-wide average proposed by the Commission[51] or their own average working capital computed on a balance sheet basis[52].

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[51]*Notice* at ¶ 45, so long as such averages are computed on a stratified basis to reflect the needs of smaller businesses and operators of small systems.

Under no circumstances should an operator be required to perform a lead/lag study[53] as it would result in unnecessary effort to arrive at an overly complex computation of working capital. Smaller businesses and operators of smaller systems simply do not have the capacity to make such computations, not to mention Congress' mandate to reduce administrative burdens[54].

2. Current Maturities Of Long-Term Debt Must Be Excluded From Working Capital Computations

Since many smaller businesses and operators of smaller systems are highly leveraged, to require the current portion of long-term debt as a current liability for purposes of computing working capital will artificially reduce the amount of working capital. Under GAAP, the current portion would be reclassified from short-term to long-term debt one year before it becomes due. Especially at that time, the business may not have accumulated sufficient current assets to satisfy the payment amount.

SCBA recommends that current liability amounts associated with third party debt be excluded from all working capital computations. Failure to make the necessary adjustment in the Commission's proposal will result in smaller businesses and operators of smaller systems being forced to charge lower rates merely because they are more highly leveraged.

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[52]Such amounts are easily computed as the difference between current assets and current liabilities.

[53]A lead/lag study is a complex analysis of the capital contribution from investors necessary for operation of the business by comparing the timing of receipt of operating revenues versus disbursements.

[54]47 U.S.C. § 543(b)(2)(A).

VII. OWNER LEVEL TAXES MUST BE INCLUDED IN THE RATE COMPUTATION IF THERE IS NO BUSINESS LEVEL TAX

The Commission has stated that the only taxes which can be factored into the rate computation are those which are payable by the business entity[55]. While this approach may have worked well in the past for regulated telephony providers, it does not work for cable operators. It is difficult to comprehend a public policy goal which is satisfied by such an approach.

Approximately two-thirds of the SCBA members responding to its survey were entities which did not pay a business level tax[56]. For these members, omission of corporate level taxes from rate computations poses difficult situations.

A. Failure To Build Owners Level Taxes Into Rates Results In Lower Levels Of Retained Earnings For Reinvestment

To illustrate the fallacy of the Commission's proposal, consider two otherwise identically situated cable businesses which earn a profit. They would have charged the same rates, but for the fact that the taxpaying business will be able to charge more to offset the amount of the business level tax, while the system whose owner pays the tax will be forced to charge a lower rate. The latter business will likely distribute a portion of its earnings to its owners to reimburse them for the amount of tax they would pay. In the final analysis, the cable system which does not pay a business level tax will have fewer funds retained for

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[55]*Notice* at Footnote 32.

[56]The non-tax paying entities included S Corporations, partnerships, limited partnerships and sole proprietorships.

future growth, improvement and diversification of services[57].

B. Assuming Owners Level Taxes Are Excluded From Rate Computations, Deferred Tax Adjustments Cannot Be Taken Into Consideration

If the Commission stands by its position that owners level taxes cannot be recovered through the rate setting process, it must similarly exclude any deferred tax adjustments to assets when computing the amount of the ratebase. To do otherwise would be to impose a double burden on such businesses.

VIII. BUSINESS-WIDE AVERAGING MAY GENERATE AN UNNECESSARY FLOOD OF COST-OF-SERVICE SHOWINGS

Although company-wide cost-of-service showings have appeal in their apparent simplicity, without proper procedural safeguards, they could deprive even more smaller businesses and operators of smaller cable systems of the cost-of-service safety net.

The Commission's proposal would require cable businesses to determine costs and ratebases on a business-wide level and then distribute the permissible revenue to the various systems and franchise areas based on a per subscriber basis[58]. Operators, however, under the benchmark system are required to establish rates, wherever possible, based on the

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[57]Consider a system which has profits under cost-of-service regulation of $100,000 and must pay taxes of $40,000. The revenue requirement would have been increased for the amount of the taxes, therefore, the pretax profits under a cost-of-service showing would have been $140,000. Another system which is an S Corporation and would have been allowed an aftertax profit of $100,000, would also have had pretax profits of only $100,000. The owners would have paid the tax on their distributive shares in the amount of $40,000. In reality, the cable business would have had to distribute cash equal to the amount of the tax plus a grossed-up amount to reflect the tax owed on the distribution (i.e. $40,000/(1-.40)) or $66,667. Therefore, while the cable business that paid a corporate level tax had $100,000 for expansion, the cable business that did not pay a corporate level tax only has $33,333 available for expansion.

[58]*Notice* at ¶ 61.

attributes of a particular franchise area.

To demonstrate the potential impact of averaging, assume a cable business provides service to 50 communities. In 49 communities its rates are within benchmarks so the business elects to determine rates under the benchmark level. If this business had one system with extraordinarily high, but nevertheless legitimate, costs it could not justify rates to cover these costs even under a cost-of-service showing since the showing would be based on *average* amounts, not the actual costs associated with providing service in that community.

Therefore, to fully recover its costs, the business would be required to file cost-of-service showings in all 50 franchise areas, not just those where it could not use the benchmark method. Of even greater concern, the operator would have to seek rate increases in those 49 communities to subsidize the cost of providing service to the high cost community. Politically, this causes unnecessary subscriber/public relations problems for both the cable operator, the municipality and the Commission itself.

Company-wide averaging of costs as a method to simplify cost-of-service showings simply does not provide the benefits desired.

IX. PROCEDURAL ISSUES INVOLVED IN COST-OF-SERVICE SHOWINGS

A. Rate Increases Should Be Allowed As Part Of Cost-Of-Service Showings

The Commission proposes limiting the initial use of cost-of-service showings to justify existing rates, not rate increases[59]. While this proposal may satiate current political pressures to prevent rate increases in the short-term, it violates the express provisions that Congress enacted into law.

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[59]*Notice* at ¶ 18.

Congress required that the rate schemes crafted by the Commission provide "a reasonable profit."[60] No businesses have had rate increases since at least April 5, 1993[61]. Many operators have not had rate increases since sometime after 1992. Many factors and costs can change during a one year or longer period. If circumstances have changed, and operators need to earn higher rates to preserve their profitability, they must be allowed the opportunity to demonstrate the need for higher rates. To do otherwise would remove the cost-of-service safety net for these operators.

B. The Commission Must Restrain The Extent To Which It Discourages Cost-Of-Service Showings

The Commission's desire that the benchmark system be the primary method used to determine rates[62] is understandable. Nevertheless, the cost-of-service method was designed to provide an alternative for operators whose costs simply could not be recovered and who could not earn a profit under the benchmark system[63].

While the Commission has an interest in steering operators towards benchmarks, it must exercise caution in not shaping the cost-of-service regulations so narrowly that

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[60]47 U.S.C. § 543(b)(2)(C)(vii).

[61]Under the Commission's April 1, 1993 rate freeze order, operators are not allowed to increase the average revenue received from each subscriber for regulated services. Despite recent rate restructuring undertaken by many operators to voluntarily comply with the benchmark system, which resulted in certain rate increases and offsetting rate reductions, such changes were revenue neutral on an average per subscriber basis.

[62]*Notice* at ¶ 7, at which the Commission states that "a goal for the cost-of-service requirements that we ultimately adopt in this proceeding will be that they form a "backstop" for the benchmark approach to rate regulation.

[63]In the Matter of Implementation of Sections of the Cable Television Consumer Protection and Competition Act of 1992, Rate Regulation, *Report and Order and Further Notice of Proposed Rulemaking*, MM Docket 92-266 (Released May 3, 1993) at ¶ 262.

businesses that should legitimately be able to make use of the provisions are preempted. In a sentence immediately following a brief discussion regarding the includability of certain items in the ratebase, the Commission states:

> To the extent our cost-of-service standards will encourage most cable operators to elect the benchmarking approach to setting rates, the primary impact of these standards will be that most rates will, in fact, be set by the benchmark approach[64].

Absent substantive changes in the amounts of the benchmarks for smaller systems and small cable businesses to reflect their higher costs of operations, a disproportionate number of smaller systems and small cable businesses will seek rate relief under the cost-of-service approach. To the extent the Commission makes the cost-of-service methodology unattractive, the burden will fall disproportionately on smaller businesses.

X. STREAMLINING ALTERNATIVES SHOULD BE PURSUED

SCBA encourages the Commission to adopt as many streamlining options as possible to justify rates. Any such showings, however, must be in addition to the benchmark and cost-of-service showings.

A. Initial Rates Could Be Justified By Comparison To 1986 Rates

Rolling 1986 rates forward by an inflation factor for systems which were in business in 1986 appears to be a reasonable procedure. Such rates should include revenues from all regulated services, in essence the FCC Form 393 Worksheet 1 Line 110 equivalent[65].

A productivity offset, however, should not be applied to systems owned by small cable

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[64]*Notice* at ¶ 22.

[65]Line 110 includes all revenue from tiered services plus equipment and installation charges, less franchise fees to the extent they are imbedded in the rates.

businesses or to small cable systems absent evidence that such productivity increases have actually occurred. Given the limited resources of such smaller operations, productivity offsets cannot be presumed. A method to adjust rates to reflect the provision of additional services[66] would also be required.

B. **Average Cost Schedules**

SCBA supports the Commission's consideration of using average cost data in a manner similar to the method used to regulate the rates charged by 700 small local exchange carriers[67]. SCBA supports the Comments of the Small Business Association in which it proposes establishment of an organization parallel with the National Exchange Carrier Association ("NECA") to gather similar cost information from small cable businesses and operators of small cable systems.

SCBA restates its position that such average costing should be permitted in lieu of detailed individual cost determinations for purposes of computing equipment basket costs and rates under both the benchmark and cost-of-service rate systems[68].

C. **Limited Cost-Of-Service Showings**

SCBA supports the concept of limited cost-of-service showings[69] as a significant

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[66]Percentage differences could be determined by computing an initial per channel rate and then applying percentage changes in a manner similar to that currently used on Worksheet 5 of FCC Form 393.

[67]*Notice* at ¶ 74.

[68]See SCBA Comments dated August 30, 1993 in which SCBA proposes streamlining of the benchmark rate scheme while still complying with the actual cost standard imposed by Congress.

[69]*Notice* at ¶ 75.

method to conserve the limited resources of not only cable operators, but also of municipal and federal regulators. Such limited showings would transform a rate regulation structure from being one with a clearly bifurcated approach to one with a seamless approach, where benchmark rates could be adjusted if certain costs exceeded the norms upon which the benchmark rates were based. Under the current system, operators who cannot recover costs under the benchmark system must file full-blown cost-of-service showings.

Costs which should be allowed to trigger such showing should include those which are incurred on a disproportionate basis by small cable businesses and small systems. These include programming costs, plant (i.e., wire and headend) costs (due to low density of homes), higher than normal cost of capital, and fixed regulatory compliance costs.

D. **Showings Based On Net Income**

SCBA supports a presumption that where the income of either small systems or small cable businesses as a whole are below a certain level, rates are reasonable. A large percentage of SCBA members responding to its survey simply do not earn significant levels of profit. Many are operating at losses.

Many smaller businesses do not have the ability to determine profitability on a community by community basis or even at the system basis. Therefore, the test should be administered at whatever level of accounting is employed by the small business. Therefore, if income levels were below the presumption's threshold, rates for all subscribers served by the business would be presumptively reasonable.

Additionally, income needs to be examined on a global basis since most smaller businesses and many small systems will not have the internal sophistication to accurately

segregate revenues and expenses of regulated and unregulated services.

XI. CONCLUSION

A cost-of-service showing, no matter how unattractive to some cable operators, franchising authorities and the Commission nevertheless forms an essential safety net for small cable businesses and small systems. Despite its inherent complexity and increased regulatory review costs, many small businesses and small systems will cling to it for survival. Consequently, the Commission cannot make it so cumbersome to use that it no longer provides protection.

On the other end of the spectrum, oversimplification of the cost-of-service methodology by using industry-wide averages will skew the permissible rates so that they satisfy the cost needs of large operators and systems, and do not provide for cost recovery by small cable businesses and small systems. Therefore, small businesses and small systems must be able to use their own actual costs, including costs of equity and debt to compute rates.

The best of both worlds for everyone, including the regulators would be to incorporate limited cost-of-service showings to compute benchmark add-ons, where appropriate. Once these initial rates are determined, future cost-of-service showings might not be necessary and the operator could use price cap adjustments in future years, as opposed to recurring cost-of-service showings.

The Commission must remain vigilant to make sure that small cable businesses and small cable systems do not bear a disparate burden from rate regulation, be it under the benchmark methodology, cost-of-service methodology or a combination of both.

If there is any additional information which the SCBA or its members can provide the Commission, please contact us.

Respectfully submitted,

SMALL CABLE BUSINESS ASSOCIATION

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Number of Contacts: 240

Company	City, State, Zipcode
ACI Mgt.	Brentwood, TN 37027
Aerial Communications, Inc.	Catlettsburg, KY 41129-8936
Albee Cablevision	North Branch, MI 48461
Alfred Cable Systems, Inc.	Alfred, NY 14802
All Points Associates, Inc.	Fall City, WA 98024
Alsea River Cable TV	Waldport, OR 97394
American Pacific Company	Desert Center, CA 92239
American Phoenix Comm.	Dallas, TX 75240
Annox Inc. **	Atlanta, GA 30346
Apollo CableVision, Inc.	Cerritos, CA 90701
Ashland Entertainment, Inc.	Broadus, MT 59317
Atwood Cable Systems, Inc.	Atwood, KS 67730
Authorized Communications	Gilberts, IL 60136
B & C Cablevision, Inc.	Wiggins, CO 80654
B. R. Cablevision Company	Benton Ridge, OH 45816
Baker Cable TV	Baker, MT 59313
Barrow Cable TV	Barrow, AK 99723
Basco Electronic, Inc.	Weston, WV 26452
Bath CATV, Inc.	Hot Springs, VA 24445
Beaver Valley Cable Company	Rome, PA 18837
Belisle Communications, Inc. **	Coraopolis, PA 15108
Belleville Cable TV **	Belleville, KS 66935
Big Sandy Telecom	Simla, CO 80835
Big Sky Community TV, Inc.	Bozeman, MT 59715
Black Rock Cable	Bellingham, WA 98226
Bley Cable, Inc.	Beardstown, IL 62618
Bonduel Cable TV	Bonduel, WI 54107
Boulder Ridge Cable TV **	Pacific Palisades, CA 90272
Bowling Cable TV	Hyden, KY 41749
Buford Television, Inc.	Tyler, TX 75711
Bye Cable, Inc.	Crosby, MN 56441

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Number of Contacts: 240

Company	City, State, Zipcode
C.E.R. Cablevision	Estherwood, LA 70534
C.P.S. Cablevision	Coalport, PA 16627
Cable & Communications Corp.	Circle MT 59215
Cable Comm. of Willsboro	Willsboro, NY 12996
Cable Services, Inc. **	Jamestown, ND 58402
Cable TV Services, Inc.	Goodland, IN 47948-0420
Cable Vision, LTD.	Gatesville, TX 76528
Cable World Magazine	Denver, CO 80205
Cableview	Harper, TX 78631
Cablevision Industies Inc.	Myrtle Beach, SC 29525
Calvin Cable System, Inc.	Calvin, PA 16622
Cannon Valley Cablevision, Inc.	Brooklyn, MN 56014-0337
Carlyss Cablevision	Sulphur, LA 70664-2447
Cascade Cable Systems	The Dalles, OR 97058
Cascade Cablevision, Inc.	Vaughn, WA 98394
Catalina Cable TV, Co.	Avalon, CA 90704
Catron Communications, Inc.	Hays, KS 67601
Cencom, Inc.	Jackson, NE 68743
Cim. Tel. Cable, Inc.	Mannford, OK 74044
Clear Cable TV, Inc. **	Bardstown, KY 40004
Clear Vu Cable, Inc.	Summerville, GA 30704
Clinton Cable TV Co., Inc.	Terre Haute, IN 47808
Clinton Cablevision Service, Inc.	Clinton, AR 72031
Coast Cable Communications, Inc.	Orange, CA 92665
Coast Communications	Ocean Shores, WA 98569
Collinsville TV Cable	Collinsville, AL 35961
Colstrip Cable TV Company **	Billings, MT 59104
Communications Equity Associates	Tampa, FL 33602
Community Antenna System	Spokane, WA 99204
Community TV Company	Ellijay, GA 30540
Community TV Systems	Columbus, OH 43215

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Number of Contacts: 240

Company	City, State, Zipcode
Cornstar Cable TV, Inc.	Beatrice, NE 68310
Cocsa Cable Co.	Pell City, AL 35125
Country Cable TV	Pleasant Gap, PA 16823
Country Cable, Inc.	Canton, OH 44701
Country Cablevision, Inc.	Burnsville, NC 28714
County Cable TV, Inc.	Spencer, NY 14883
Cowboy Cable	Bastrop, TX 78602-1039
Cross Cable Television, Inc.	Warner, OK 74469
Crow Cable TV	Hardin, MT 59034
Curtis Cable TV Co., Inc.	Curtis, NE 69025
D & D Cable Systems, Inc.	Ste. Genevieve, MO 63670
Dairyland Cable Systems	Richland Center, WI 53581
Data Video Systems, Inc.	Parkers Prarie, MN 56361
Dean's Cablevision, Inc.	Lamoni, IA 50140
Deer River Telephone	Deer River, MN 56636
DeMarce Dunn St. Croix	Elmwood, WI 54740
Dillingham Cablvision, Inc.	Dillingham, AK 99576
Douglas Cable Communications **	Topeka, KS 66609
Due West Cablevision	Due West, SC 29639
Durand Cable Co., Inc.	Durand, WI 54736
Eldorado Cable TV, Inc.	Sante Fe, NM 87505
Ellis Engineering & Construction	Riverton, KS 66770
EQC Cable, Inc.	Campbellsburg, IN 47108
Fairmont Cable	Rochester, MN 55903
Farmington Cablevision	Farmington, MO 63640-0710
First Cable of Missouri	Moberly, MO 65270
First Commonwealth Cablevision	Gloucester, VA 23061
Ft. Morgan Cable TV, Inc.	Gulf Shores, AL 36547
Gauthier Cablevision	Lac du Flambeau, WI 54538
Gilmer Cable Television Co., Inc.	Gilmer, TX 75644
Glass Antenna Sytems, Inc.	Greencastle, IN 46135

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Glide Cablevision	Glide, OR 97443
GPA Cable of VA, Inc. **	Osprey, FL 34229
Grand Ridge Cable	Grand Ridge, IL 61325
Grand Ridge CATV	Grand Ridge, IL 61325
Grassroots Cable Systems, Inc.	Exeter, NH 03833
Great Plains Cable **	Blain, NE 68008
Green River Cable TV, Inc.	Russel Springs, KY 42642
Green Tree Cable TV, Inc.	Louisa, KY 41230
Greene Cablevision Co., Inc	Greene, NY 13778
GWC Communications Co., L.P.	Atlanta, GA 30338
Hadland Communications, Inc.	Bayfield, WI 54814
Hancock Video, Inc.	Hancock, NY 13783-0476
Heartland Cable	Sebring, FL 33870
Heartland Cable TV	O'Fallon, MO 63366
Heartland Cable, Inc.	Minonk, IL 61760
Heppner TV, Inc.	Heppner, OR 97836
Hermosa Cablevision **	Durango, CO 81301
HFL TV	Coleville, CA 96107
Higgins Lake Cable, Inc	Iron Mountain, MI 49801
Hill Country Communications	Lampasas, TX 76550
Hillcomm Comm. Company	Lincoln, NE 68510
Hilltop Communications, Inc.	Germantown, NY 12526
Horizon Cable TV, Inc. **	Fairfax, CA 94978
Houston Cable	Houston, MO 65483
Images Cablevision, Inc.	Ochelata, OK 74051-0158
Indevideo Co, Inc.	Phoenix, AZ 85079
Interstate Cablevision	Emerson, IA 51533
J & N Cable Systems	Goldendale, WA 98620
J & T Cable	Rocky Ford, CO 81067
JEM Cablevision	Jefferson, OH 44047
Julian Cablevision	Scottsdale, AZ 85258

**Board Member

Member List

Mr. David D. Kinley
SCBA
C/O Kinley Simpson Associates
5976 W. Las Positas Blvd.#202
Pleasanton, CA 94588

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Company	City, State, Zipcode
Karban TV Systems, Inc.	Rhinelander, WI 54501
Keystone Wilcox Cable TV, Inc.	Ridgeway, PA 15853
Kohrt Communications	Rochester, MN 55901
Kuhn Communications, Inc.	Walnut Bottom, PA 17266
Lakefield Cable TV	Lakefield, MN 56150-1023
Lakewood Cable Company	Lakewood, PA 18439-0258
Licking Cable, Inc.	Licking, MO 65542-0297
Lincoln Cable TV	Lincoln, MT 59639
Lolita Vanderbilt Cable	La Ward, TX 77970
Lost Hills Communications	Calabasas, CA 91302
Lovell Cable TV, Inc.	Lovell, WY 82431
Luverne TV Cable Service, Inc.	Luverne, AL 36049
M-Tek Systems, Inc.	Redwood Flats, MN 56283
Manhattan Cable TV Company	Manhattan, IL 60442
Matrix Cablevision, Inc.	Saratoga, CA 95070
McVay Communications	Coalinga, CA 93210
Merrimac Area Cable Co.	Merrimac, WI 53561
Mesilla Valley Cable TV	Las Vegas, NV 82129
Meyerhoff Cable Systems, Inc.	Mi-Wuk Village, CA 95346
Mid State Community TV	Aurora, NE 68818
Mid-Atlantic Cable	Washington, DC 20015
Mid-Coast Cable Television	El Campo, TX 77437
Mid-Hudson Cablevision	Catskill, NY 12414
Mid-Kansas Cable Services	Moundridge, KS 67107
Midwest Video Electronics	Makaha, HI 96729-1329
Mike's TV, Inc.	Morton, WA 98356
Milestone Media Management	St. Petersburg, FL 33702
Millersburg TV Company	Millersburg, PA 17061
Modern Communications	Rock Rapids, IA 51246
Moultrie Telecommunications	Lovington, IL 61937-0350
Mountain Cablevision **	New York, NY 10128

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Company	City, State, Zipcode
Mountain Zone TV	Alpine, TX 79830
Mountaineer Cablevision, Inc.	Mullens, WV 25882
Mt. Vernon Cablevision	Mt. Vernon, OH 43050
Multi-Cablevision Co. of L/W	Hamburg, MI 48139
Multimedia Development Corp.	Albuquerque, NM 87123
Murray Cable TV, Inc.	Paola, KS 66071
MYVOCOM	Manila, UT 84046
NCTC, Inc.	Lenexa, KS 66215
Nelson County Cablevision Corp.	Lovingston, VA 22949
Nelsonville TV Cable, Inc.	Nelsonville, OH 45764
North Country Cable	Enosburg Falls, VT 05450
North Star Television Co.	Knoxville, TN 37950-1906
North Texas Communications Co.	Muenster, TX 76252
North Yellowstone Cable TV	Gardiner, MT 59030
Northern Cable Co., Inc	Ontonagon, MI 49953
Northwest Signal	Bellevue, WA 98058
Olmstead Cable Company	Cleveland, OH 44114
Oswayo Valley TV Cable	Shinglehouse, PA 16748
Otec Communications Company	Ottoville, OH 45876
Our Cable Systems, Inc.	Austin, TX 78737
Pacific Coast Cable Co., L.P.	Ione, CA 95640
Pacific Sun Cable Partners	Pleasanton, CA 94588
Panora Cooperative Cablevision...	Panora, IA 50216
Paradise Cable Unlimited, Inc.	Phippsburg, CO 80469
Philipsburg Cable TV	Philipsburg, MT 59858
Pico Products, Inc.	E. Syracuse, NY 13057
Pine Tree Cablevision	Wayne, PA 19087
Pioneer Cable, Inc. **	Monument, CO 80132
Plantation Cablevision, Inc.	Eatonton, GA 31024
Quinter Cable Co., Inc.	Quinter, KS 67752
Red River Cable TV	Coushatta, LA 71019-0674

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