

M e m o r a n d u m**515.0066**

To: Petitions (CWP)

June 5, 1987

From: Tax Counsel (WWM)

Subject: V--- C--- T.V., Inc.
SR -- XX XXXXXX-010V--- C--- T.V., Ltd. Partnership
SR -- XX XXXXXX

Petitioners waived appearance at the Board hearing. Petitioner furnished a memorandum, dated March 18, 1987, to the Board in support of its position. In the memorandum, it was urged that if petitioners were determined to be consumers of the converters pursuant to the staff recommendation, they should also be determined to be consumers of the remote control units. No new evidence or arguments were presented in the memorandum.

With respect to both petitions, the Board ordered that the tax and penalty be redetermined without adjustment.

The following statement of Board action, with respect to both petitions, is suggested:

Statement of Board Action

The Board found, based upon the evidence, that petitioners were essentially providing a television programming service consuming the converters, with any transfer of the converters merely being incidental to the rendition of the overall service.

The Board also found, based upon the evidence, that unlike the converters, the remote control units were leased. The charges for the latter units were separately stated in the written service agreement, appeared to reflect true rental value, and those units were unconnected physically with the cable system.

The Board ordered that the tax and penalty be redetermined without adjustment.

WWM:ba