

**Quarterly Review**

**MEMORANDUM**

July 5, 2007

TO: Management and Fiscal Policy Committee

FROM: Amanda M. Mihill, Legislative Analyst *AMihill*

SUBJECT: Quarterly Review - Comcast, RCN, and Verizon Customer Service

The following are expected to attend this worksession:

Steven Emanuel, Director, Department of Technology Services (DTS)  
Jane Lawton, Cable Communications Administrator, Office of Cable and  
Communications Services ("Cable Office")  
Representatives from Comcast, RCN, and Verizon

The Management and Fiscal Policy Committee is holding this worksession to review customer service performance for Comcast Cable Communications, RCN, and Verizon Communications to ensure that performance measures established by the County's franchise agreements are being attained. This memorandum includes an evaluation of customer service performance for the first quarter and the first two months of the second quarter of 2007, and a review of additional issues that have emerged during this period. The Committee should note that Verizon will begin providing compliance reports next quarter. Therefore, the focus of this memorandum is on Comcast and RCN.

As part of DTS, the Cable Office continually monitors customer service data for Comcast, RCN, and Verizon. The Cable Office staff actively works with company representatives to resolve a variety of issues.

**I. Customer Service Guidelines**

**A. Cable Television Guidelines**

Pursuant to the 1992 Cable Television Consumer Protection and Competition Act, the Federal Communications Commission (FCC) adopted guidelines for improving the quality of customer service provided by cable operators. During the last ten years, FCC standards have become boilerplate language in most local cable franchise agreements, including the County's agreements with Comcast and RCN. These agreements establish numerical standards for minimum customer service requirements that are virtually identical to FCC standards. The

franchise agreement with Verizon has similar standards, but the language is not identical to the language in the County's franchise agreements with Comcast and RCN.

The following is a summary of the FCC standards that are part of the County's franchise agreements (©2-3). Although Comcast and RCN are required to provide monthly reporting numbers, their performance is measured quarterly to determine compliance. A violation of these minimum customer service standards may result in fines being levied against a franchisee.

### **1. Subscriber Calls to a Cable System**

Unless otherwise noted, the following requirements must be met 90 percent of the time, measured quarterly, under normal operating conditions. In the County's franchise agreements normal operating conditions are defined as, "those service conditions which are within the control of the cable operator." These conditions include special promotions, pay-per-view events, rate increases, regular peak or seasonal demand periods, and maintenance or rebuild of the cable system.

1. Each cable system must maintain a local, toll-free, or collect-call telephone line that must be available 24 hours a day, seven days a week.
2. Company representatives must be available to respond to customer inquiries during normal business hours, which is defined as the hours during which most similar businesses in the community are open to serve customers.
3. After normal business hours, the cable system may use an answering service or machine, so long as messages are responded to the next business day.
4. A call to a cable system must be answered (including the length of time the caller is put on hold) within 30 seconds after the connection is made. If the call is transferred, the transfer time may not exceed an additional 30 seconds.
5. Cable system customers may receive a busy signal no more than three percent of the time.
6. Although no special equipment is required to measure telephone answering and hold times, cable operators should use their best efforts in documenting compliance.

### **2. Installations, Service Interruptions, and Service Calls**

The following requirements for installations, outages, and service calls must ordinarily be met at least 95 percent of the time, measured quarterly, under normal operating conditions.

1. Federal guidelines state that standard installations, which are those located up to 125 feet from the existing distribution system, must be performed within seven days after an order has been placed.

2. Except in situations beyond their control, cable operators must begin work on a service interruption no later than 24 hours after being notified of the problem. A service interruption has occurred if the picture or sound on one or more channels has been lost.
3. Cable operators must begin to correct other service problems the next business day.
4. Cable operators may schedule appointments for installations and other service calls either at a specific time or, at a maximum, within a four-hour time period during normal business hours.
5. Cable operators may also schedule service calls outside of normal business hours for the convenience of the customer.
6. No appointment cancellations are permitted after the close of business on the business day prior to the scheduled appointment. If the cable installer or technician is running late, and will not meet the specified appointment time, he or she must contact the customer and reschedule the appointment at the convenience of the subscriber.

## **B. Internet Access Service Standards**

As required by Executive Regulation 26-03AMII, Cable Modem Service Standards, September 2004 was the first month the companies were required to provide the County with customer service data related to high-speed internet service. On April 10, 2007, the Council approved Regulation 26-06AM, Internet Access Service Standards, which supersedes Regulation 26-03AMII. Regulation 26-06AM continues the reporting requirement; however certain customer service standards were modified by Regulation 26-06AM.

Regulation 26-06AM requires the following:

1. Calls must be answered in 30 seconds at least 75 percent of the time.
2. Calls must receive a customer account executive (CAE) connection within 60 seconds at least 75 percent of the time.
3. Repairs must be performed in 36 hours at least 90 percent of the time. (Regulation 26-03AMII specified that this standard must be met 95 percent of the time.)
4. Installations must be performed in 7 days at least 90 percent of the time. (Regulation 26-03AMII specified that this standard must be met 95 percent of the time.)

## **II. Customer Service Performance**

As noted above, Verizon has not yet begun providing compliance reports to the County. Verizon is scheduled to provide reports beginning next quarter.

## A. Comcast Summary

### 1. Video Customer Service Performance

At the last Committee meeting on customer service, Comcast had not provided customer service numbers for the month of December, so at that time it was impossible to determine if the company was in compliance for the fourth quarter of 2006. Since the last meeting, Comcast has provided complete fourth quarter data that shows Comcast was out of compliance for all customer service categories in the fourth quarter except installations performed in seven days.

For the first quarter of 2007, Comcast was out of compliance for all customer service categories except installations performed in seven days. Complete second quarter data is not yet available so it is impossible to determine if the company complies with the customer service standards for the second quarter. This information is provided in Table 1 below. As Ms. Lawton notes (©4), Comcast has been out of compliance on customer call answering requirements for over one year.

Comcast representatives indicate that they continue to experience an increased demand for video services, which contributes to an increase in call volume. At the last Committee briefing, Comcast announced that it was hiring a number of customer account executives (CAEs) due to this increased demand; company representatives indicate that they are continuing this effort. **The Committee may wish to discuss the status of these and any other efforts designed to bring the company back into compliance for the customer call answering categories.**

At the last MFP meeting, the Cable Office noted that Comcast was assessed \$12,281.84 in liquidated damages for the September through November timeframe. Since Comcast was unable to come back into compliance for the December 2006 through February 2007 timeframe, the company has been assessed additional liquidated damages in the amount of \$24,563.70. The amount of fines levied and paid for the past three quarters total \$38,073.74 (see ©4).

**TABLE 1: Customer Service Summary Information Provided by Comcast for Video  
July 2006 – June 2007**

Category of Service	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Percentage of calls answered in 30 seconds (90% required by franchise agreement)	76	69	36	85	80	73	77	80	85	89	*	*
Percentage of calls receiving a CAE connection within 60 seconds (90% required by franchise agreement)	78	76	45	85	76	74	73	76	83	61	*	*
Percentage of repairs performed within 24 hours (95% required by franchise agreement)	93	94	83	88	94	97	91	85	83	86	*	*
Percentage of installations performed in 7 days (95% required by franchise agreement)	71	90	98	100	100	100	100	98	97	96	*	*

\* Data not yet provided

## 2. Cable Modem Customer Service Performance

At the last MFP customer service briefing, Comcast had not provided customer service numbers for December, so at that time it was impossible to determine if the company was in compliance for the fourth quarter of 2006 for cable modem service. Since the last Committee meeting, Comcast has provided complete fourth quarter data that shows Comcast was in compliance with all customer service categories in the fourth quarter except the percentage of repairs performed within 36 hours.

For the first quarter of 2007, Comcast was in compliance with all customer service categories except percentage of repairs performed within 36 hours. Complete second quarter data is not yet available so it is impossible to determine if the company complies with the customer service standards for the second quarter.

### B. RCN Summary

#### 1. Video Customer Service Performance

In the first quarter of 2007, RCN was in compliance for all customer service categories associated with cable service except for percentage of calls receiving a CAE connection within 60 seconds. Complete second quarter data is not yet available so it is impossible to determine if the company complies with the customer service standards for the second quarter. This information is provided in Table 2 below. **Committee members may wish to discuss what steps RCN is taking to come back into compliance for calls receiving a CAE connection within 60 seconds.**

**TABLE 2: Customer Service Summary Information Provided by RCN for Video  
July 2006 – June 2007**

Category of Service	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Percentage of calls answered in 30 seconds (90% required by franchise agreement)	56	67	82	97	97	97	97	98	97	*	*	*
Percentage of calls receiving a CAE connection within 60 seconds (90% required by franchise agreement)	61	73	92	93	85	92	89	86	93	*	*	*
Percentage of repairs performed within 24 hours (95% required by franchise agreement)	95	95	95	97	98	97	97	98	97	*	*	*
Percentage of installations performed in 7 days (95% required by franchise agreement)	100	100	100	100	100	100	100	100	100	*	*	*

\* Data not yet provided

## 2. Cable Modem Customer Service Performance

As far as cable modem service standards are concerned, RCN is in compliance for the first quarter of 2007 for all customer service categories. Complete second quarter data is not yet available so it is impossible to determine if the company complies with the customer service standards for the second quarter.

### C. Office of Cable and Communications Services Summary of Complaints (©18-19)

#### 1. Comcast

In the first quarter, the Cable Office received 295 complaints for Comcast, which is a slight increase from the fourth quarter of 2006. The majority of calls received in the first quarter were for service (57.3 percent), reception (35.3 percent), and billing (32.9 percent). For the first two months of the second quarter, the Cable Office received 303 complaints, which is more complaints than the entire first quarter. The majority of calls have been for service (62 percent), reception (36 percent), and billing (27.4 percent). **Committee members may wish to ask Comcast representatives to address the number of complaints received.**

The Cable Office reports that the office has received complaints about the triple play packages. When a customer's package commitment ends, the customer reverts back to rate card prices. Customers are complaining that Comcast did not provide advance notice of the ending dates of their package (©6).

#### 2. RCN

The Cable Office received 11 complaints from RCN customers in the first quarter of 2007, which is a decrease from the fourth quarter of 2006. The majority of these complaints were for service (72.7 percent) and reception (36.4 percent). For the first two months of the second quarter, the Cable Office received 15 complaints, which is more complaints than the entire first quarter. The majority of these complaints were for billing (53.3 percent) and service (26.7 percent). RCN has only a fraction of the customers that Comcast serves. The Cable Office reports that it remains concerned with the lack of responsiveness concerning complaints. **The Committee may wish to discuss these issues with RCN representatives.**

#### 3. Verizon

The Cable Office reports that it has begun receiving complaints from Verizon customers. In the first quarter of 2007, the Cable Office received 9 complaints from Verizon customers. The majority of these complaints were for billing (66.7 percent) and construction (33.3 percent). For the first two months of the second quarter, the Cable Office received 16 complaints, which is nearly double from the entire first quarter. The majority of second quarter complaints were for construction (37.5 percent) and billing (31.3 percent). **The Committee may wish to discuss this data, particularly the number of construction complaints, with Verizon representatives.**

The Committee should note that none of the complaint numbers provided in Table 3 below include calls from subscribers about cable rates.

**TABLE 3: Customer Service Complaints to the Cable Office  
January – May**

Issue Category	Comcast Complaints	RCN Complaints	Verizon Complaints
Billing	180	10	11
Service	357	12	2
VoIP	30	0	-
Internet Service	141	5	0
Telephone	73	2	1
Reception	213	6	1
Construction	16	0	9
Marketing	24	1	3
Installation	23	1	3
Serviceability	7	1	1
Cable Line Related	97	3	0
Other	32	2	4
Total Issues Generated*	1193	43	35
<b>Total Complaints</b>	<b>598</b>	<b>26</b>	<b>25</b>

\* This total includes multiple complaints covering different issues filed by the same customer.

#### **D. Construction Violations**

##### **1. Comcast**

During the first quarter of 2007, Columbia Telecommunications Corporation (CTC) reported 2,928 Comcast violations, which is a 27.4 percent increase from the last quarter (©23). This information is provided in Table 4 on page 8. At the end of the first quarter, Comcast reported that 1,579 violations (54%) were addressed, which is an improvement from previous quarters.

CTC reported that nearly half of the Construction violations were related to aerial plant. Cited violations included locations that required cables to be properly secured to poles or the supporting strand, and locations that required installation of guards over the cables to protect the cables from damage from tree branches. Only five percent of the construction related problems were related to grounding problems. Over one-third of the construction violations were related to problems with guying of the poles. Approximately eight percent of violations were related to clearance issues that need to be resolved with other utility cabling on the poles or above the ground. The equipment and restoration problems reported for repair included damaged or missing pedestal covers and restoration of areas at the pedestal installation or along the ground where underground cabling had been installed.

For drops, 30 percent of the problems were related to old unused, disconnected drops that were hanging from the poles and needed to be removed. CTC reported 251 locations where there were clearance issues with drop cables and 117 locations where the underground drop required

burial. Approximately 15 percent of the drops inspected were not properly secured to either the house or the poles. In addition, there were nearly 200 residences where the drop was not grounded to current code. At the time CTC submitted their report, Comcast had not yet reported the status of their corrective work on the 1,447 outstanding violations from the fourth quarter of 2006.

CTC also reported 14 inspection alerts in the fourth quarter. Comcast corrected 13 of those violations by the end of the quarter (©24).

Based on CTC’s re-inspection of violations reported corrected, CTC found that approximately 17 percent were not corrected as reported. This percentage exceeds the benchmark of 10 percent, but is a decrease from the 20 percent CTC reported for the fourth quarter. The County has assessed a fine on Comcast (©7).

**Council staff questions: What is the status of correcting outstanding violations from the fourth quarter? What steps is Comcast taking to decrease re-inspection violation percentages?**

**TABLE 4: Construction Inspection Summary—Reported Violations for Comcast  
2nd Quarter 2005 – 1st Quarter 2007**

Type of Problem	2005 2nd Quarter	2005 3rd Quarter	2005 4th Quarter	2006 1st Quarter	2006 2nd Quarter	2006 3rd Quarter	2006 4th Quarter	2007 1st Quarter
<b>Construction</b>	736	566	370	1,013	1,460	1,720	1,364	1,675
<b>Design</b>	170	140	219	0	0	0	0	0
<b>Equipment</b>	173	193	201	242	48	49	75	38
<b>Restoration</b>	336	260	209	56	58	123	179	56
<b>Subscriber Drops</b>	485	440	630	839	633	558	680	1,159
<b>Totals</b>	<b>1,900</b>	<b>1,599</b>	<b>1,629</b>	<b>2,150</b>	<b>2,199</b>	<b>2,450</b>	<b>2,298</b>	<b>2,928</b>

(Note: Data compiled from CTC’s Testing and Inspection Reports.)

## 2. RCN

During the first quarter of 2007, CTC inspectors moved into areas where there was less RNC plant than last quarter. During the first quarter, CTC reported 177 RCN violations. This information is provided in Table 5 on page 9. Nearly all of the violations were in the construction category and included: the need for tree guards (23 percent); pole guying problems where guy wires were broken or slack or the guy rod had been pulled up higher than permitted (18 percent); bonding and grounding issues (13 percent); and clearance from other telecommunications cables on the poles, the need to transfer RCN plant to a new pole so the old pole can be removed, and locations where the strand was not properly secured to the pole (21 percent). CTC also found a few locations where the lashing was broken and the plant was falling away from the strand. Drop problems included locations where either the drop was not secured to the residence, was exposed, needed to be wrecked out, or was connected to the power service mast (©28-29). CTC also reported one inspection alert in the first quarter (©29).

CTC reports that during the first quarter, RCN reported correction of 161 violations reported for repair in the third quarter of 2006. However, 2,065 violations from 2006 and none of the 177 first quarter violations have been addressed (©29). The Cable Office reports that RCN has 1,878 outstanding violations. RCN has hired a contractor to work on the outstanding complaints and provide a weekly report to the County of violations that have been corrected (©7).

At the beginning of the quarter, before receiving correction notices from RCN, CTC revisited a sampling of the third quarter 2006 sites (103 locations) to see if corrective work had been done but not reported. CTC found that 57 percent of the locations were still not corrected.

**Council staff questions: What is the status of correcting outstanding construction violations?**

**TABLE 5: Construction Inspection Summary—Reported Violations for RCN  
2nd Quarter 2005 – 1st Quarter 2007**

Type of Problem	2005 2nd Quarter	2005 3rd Quarter	2005 4th Quarter	2006 1st Quarter	2006 2nd Quarter	2006 3rd Quarter	2006 4th Quarter	2007 1st Quarter
Construction	111	56	7	393	655	724	470	144
Design	246	2	0	0	0	0	0	0
Equipment	4	1	0	0	0	0	1	3
Restoration	0	0	0	0	0	0	0	0
Subscriber Drops	14	10	1	85	60	76	55	30
<b>Totals</b>	<b>375</b>	<b>69</b>	<b>8</b>	<b>478</b>	<b>715</b>	<b>800</b>	<b>526</b>	<b>177</b>

### 3. Verizon

Initial inspections have concluded that most problems were with grounding of the plant at ends-of-lines. Verizon has questioned some of the violations and the engineers responded to the company’s questions. However, Verizon has not provided responses to notices sent to the company (©8). **The Committee may want to receive an update about these notices at the worksession.**

## III. Other Issues

### A. Comcast Updates

#### 1. Cable and High-Speed Internet and Institutional Network (I-NET) Requests

Under the County’s franchise agreement with Comcast, the company is required to connect and provide service to certain sites. There are currently 15 outstanding requests for free cable modem or video services (©17). This is a 16.7 percent decrease in outstanding requests from the fourth quarter.

The Cable Office reports that there is only one remaining I-NET site outstanding that was franchise-related. Comcast has notified the County that Washington Suburban Sanitary Commission – Burtonsville will be completed in the fourth quarter of 2007. Parkland Middle School and Connecticut Park Elementary School were completed during the second quarter of 2007. The Cable Office also reports that fiber was provided to Germantown Indoor Pool, Lakelands and North Bethesda middle schools, and Fairland Recreation Center during the first and second quarters (©8).

## **2. Comcast Rate Increases**

The Cable Office reports that on March 2, Comcast notified the County that the company would increase the franchise fees paid by customers on the March billing statements. According to the Cable Office, the increase in the franchise fee amount is a basic rate increase and Comcast did not provide the 30-day notice to the County or customers. However, Comcast representatives believe that the increase is not a basic rate increase. The County's financial consultant disagrees with the calculation that Comcast has used to determine the increase and is in communication with Comcast regarding the increase (©5). **The Committee may wish to receive an update about this situation at the briefing.**

Additionally, Comcast notified the County on March 13 that the company was changing their FCC filing dates for the 1205 and 1240 filings. The County accepted the proposal on the 1240, but Comcast filed the 1205 with the County in protest. The Cable Office is concerned that by delaying the filing of the 1205, customers may be overcharged between July 1 and December 31 (©8).

## **4. Petition for Determination of Effective Competition**

Comcast has filed a Petition for Determination of Effective Competition with the FCC. If the Petition is granted, the County and municipalities would lose the authority to regulate rates for basic cable service, installations, and equipment. Additionally, the Cable Office notes that Comcast would not be required to charge uniform rates throughout the franchise area; could bundle services so that basic subscribers would have to subscribe to higher tiers of service to receive premium channels; and could charge subscribers for services unless a customer affirmatively "opts-out". The County, working with the municipal attorneys, has filed a motion to dismiss the Petition (©5).

## **5. Privacy Notice**

The County has informed Comcast that they could not approve the written Privacy Notice because it could be interpreted to permit actions that go beyond the scope of federal law (©5).

## **6. Customer Charges**

Comcast has begun performing credit risk assessments on customers that are connecting, re-connecting, or upgrading their services, and charge an additional deposit fee for those who do

not have good credit scores. The Cable Office has received some complaints about this new fee. Comcast representatives have informed the Cable Office that if a customer establishes a positive payment record for six months, the fee may be refunded (©5).

Additionally, Comcast has begun implementing charges for service calls. The Cable Office has received complaints from customers being charged a fee for a service call even if the problem was with Comcast plant outside their home. Comcast reports that if a problem is outside the customer's house, the fee is refunded. Comcast has also begun offering a monthly service protection plan that covers wiring inside the customer's home. Outside wiring issues and inside equipment issues will continue to be free of charge. If a refund is required, the technician must note that a refund is required (©5-6).

## **B. Verizon Updates**

### **1. Service Activated**

The Cable office reports that Verizon has activated all the areas in Phase I of the company's build-out. The list of wire centers that have been activated is on ©6. Additionally, Verizon made the interconnection with Comcast's system in the Technical Operations Center and began offering the PEG channels in May.

### **2. Proof Tests**

The Cable Office reports that the initial proof tests required on the Verizon system based on the FCC's criteria will occur this summer. As was discussed at the briefing in February, Verizon conducted initial tests last winter, but prohibited the County's engineers from observing the testing unless the engineers signed a non-disclosure agreement. At the February meeting, the Cable Office noted that the confidentiality agreement was not discussed during the franchise negotiation process (©7). The Cable Office reports that they are working with Verizon to resolve this issue. **The Committee may wish to receive an update on this situation at the briefing.**

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DEPARTMENT OF TECHNOLOGY SERVICES

Isiah Leggett  
*County Executive*

E. Steven Emanuel  
*Chief Information Officer*

**MEMORANDUM**

**June 29, 2007**

**To: Management and Fiscal Policy Committee**

**From: Steven Emanuel, Director  
Department of Technology Services**

**Subject: Quarterly Customer Service MFP Work Session  
Monday, July 9, 2007**

Madame Chair and Members of the Management and Fiscal Policy Committee, I am pleased to open the Quarterly Customer Service Work Session at MFP. I want to thank you for your interest in these cable-related issues and your continued support and oversight on behalf of Montgomery County subscribers.

The Cable Office's presentation today will cover the First Quarter of 2007 as well as two months of the Second Quarter of 2007. As you are aware, due to the time consumption of the budget process, we did not have a public session after the First Quarter, and we are only two months into the Second Quarter. Our providers report to us 30 days after the close of the Quarter.

We are very pleased that we now have three cable competitors in our County market: Comcast, RCN and Verizon. Our customer service reports today cover Comcast and RCN. Verizon has recently reached the threshold that requires reporting, so we should expect reports from them in the Third Quarter this year.

Again, I am happy to be here to provide this update. I support the Council's goal to ensure that all our County residents have equal access to quality video services, advanced high speed internet and phone services on reliable systems, at reasonable costs. I also share your goal of utilizing the County channels to improve and increase our communications with the public and make government more accessible and more accountable.

I look forward to working with you toward these goals and hope you will let me know any time I can be helpful to the MFP Committee or its Members.

Rates for channels sold on a per-channel or per-program basis are not regulated.

## CUSTOMER SERVICE GUIDELINES

Pursuant to the 1992 Cable Act, the Commission adopted federal guidelines which provide a standard for improving the quality of customer service rendered by cable operators. These guidelines provide minimum levels of service which should be provided by a cable operator. The guidelines address issues such as the cable operator's communications with customers over the telephone, installations, service problems, changes in rates or service, billing practices and information that must be provided to all customers. **Although the standards were issued by the Commission, local franchising authorities are responsible for adopting and enforcing customer service standards. Franchising authorities may also adopt more stringent or additional standards with the consent of the cable operator or through enactment of a state or municipal law.**

### Subscriber Calls to a Cable System

Under the federal guidelines, each cable system must maintain a local, toll-free or collect-call telephone line available 24 hours a day, 7 days a week. During normal business hours, company representatives must be available to respond to customer inquiries. After normal business hours, (the hours during which most similar businesses in the community are open to serve customers), the cable system may use an answering service or machine so long as messages are answered the next business day. In addition, the cable system's customer service center and bill payment locations must be conveniently located and must be open at least during normal business hours and should include at least one night per week and/or some weekend hours.

A call to a cable system must be answered -- including time the caller is put on hold -- within 30 seconds after the connection is made. If the call is transferred, the transfer time may not exceed 30 seconds. Also, cable system customers may receive a busy signal no more than three percent of the time. Although no special equipment is required to measure telephone answering and hold time, cable operators should use their best efforts in documenting compliance. These requirements must be met 90 percent of the time, measured quarterly, under normal operating conditions.

### Installations, Service Interruptions and Service Calls

Federal guidelines state that standard installations -- which are those located up to 125 feet from the existing distribution system -- must be performed within seven days after an order has been placed. Except in situations beyond its control, the cable operator must begin working on a service interruption no later than 24 hours after being notified of the problem. A service interruption has occurred if picture or sound on one or more channels has been lost. The cable operator must begin to correct other service problems the next business day after learning of them. Cable operators may schedule appointments for installations and other service calls either at a specific time or, at a maximum, during a four-hour time block during normal business hours. Cable operators may also schedule service calls outside of normal business hours for the convenience of the customer. No appointment cancellations are permitted after the close of business on the business day prior to the scheduled appointment. If the cable installer or technician is running late and will not meet the specified appointment time, he or she must contact the customer and reschedule the appointment at the convenience of the subscriber. These requirements concerning installations, outages and service calls must ordinarily be met at least 95 percent of the time, measured quarterly, under normal operating conditions.

### Changes in Rates or Service and Billing Practices

(2)

Thirty days advance written notice (using any reasonable written means) must be given to subscribers and local franchising authorities of any changes in rates, programming services or channel positions, if the change is within the control of the cable operator. Cable operators are not required to provide prior notice of any rate change that is the result of a regulatory fee, franchise fee, or any other fee, tax, assessment, or charge of any kind imposed by a Federal agency, State, or franchising authority on the transaction between the operator and the subscriber. Cable system bills must be clear, concise and understandable, with full itemization. Cable operators should respond to written complaints about billing matters within 30 days. Refunds must be issued no later than either the customer's next billing cycle or 30 days following resolution of the request, whichever is earlier, or upon the return of equipment when service is terminated. Credits must be issued no later than the billing cycle following the determination that a credit is warranted.

### Information to Customers

The following information must be provided to customers at the time of installation and at least annually to all subscribers and at any time upon request: products and services offered; prices and options of programming services and conditions of subscription to programming and other services; installation and service maintenance policies; instructions on how to use the cable service; channel positions of programming carried on the system; and billing and complaint procedures, including the address and telephone number of the local franchising authority's office.

### UNAUTHORIZED RECEPTION OF CABLE SERVICES

The 1984 Cable Act provides damages and penalties of up to two years in prison and/or \$50,000 in fines to be assessed against anyone determined to be guilty either of the unauthorized interception or reception of cable television services or of the manufacture or distribution of equipment intended to be utilized for such a purpose. The Commission does not prosecute unauthorized reception of cable services. Rather, cable operators aggrieved by a violation may bring an action in a United States district court or in any other court of competent jurisdiction. Knowledge of violations should be reported directly to the cable system.

### SIGNAL CARRIAGE REQUIREMENTS

The 1992 Cable Act established new standards for television broadcast station signal carriage on cable systems. Under these rules, each local commercial television broadcast station was given the option of selecting mandatory carriage ("must-carry") or retransmission consent ("may carry") for each cable system serving the same market as the commercial television station. The market of a television station is established by its Area of Dominant Influence ("ADI"), as defined by Arbitron and/or modified by the Commission. Every county in the country is assigned to an ADI, and those cable systems and television stations in the same ADI are considered to be in the same market. Upon the request of a television station or a cable system, the Commission has the authority to change the ADI to which a station is assigned. As a result of Arbitron abandoning the television research business, the Commission has determined that, effective January 1, 2000, the market of a television station shall be its Designated Market Area ("DMA") as determined by Nielsen Media Research.

### Must-Carry/Retransmission Consent Election

Every three years, every local commercial television station has the right to elect either must-carry or retransmission consent. The initial election was made on June 17, 1993, and was effective on October 6, 1993. The next election occurred on October 1, 1996, and was effective January 1, 1997. All subsequent

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DEPARTMENT OF TECHNOLOGY SERVICES

Isiah Leggett  
County Executive

Steve Emanuel  
Chief Information Officer

**MEMORANDUM**

**June 29, 2007**

**To: Management and Fiscal Policy Committee**

**From: Jane Lawton, Cable Communications Administrator  
DTS - Office of Cable and Communications Services**

**Subject: Quarterly Customer Service MFP Work Session  
Monday, July 9<sup>th</sup>, 2007  
1<sup>st</sup> and 2<sup>nd</sup> quarter 2007**

This Quarterly report will cover the First Quarter of 2007 as well as two months of the Second Quarter of 2007. Because of the budget season March through May, the Council did not hold the First Quarterly review, so this report covers the First Quarter, 2007 and a partial Second Quarter. As you know, providers are required to report 30 days after the close of the month. Second Quarter statistics are for the months of April and May only.

**I. Customer Service Issues**

The Cable Office has provided statistical data to the MFP committee for the first quarter of 2007, plus information for the months of April and May. The month of June was received after we filed this report. (Please see attached charts) Comcast & RCN have provided both video and cable modem service reports as required. Verizon will begin providing reports next quarter

**A. Comcast:**

The complaints have increased over the same period last year. Billing and service complaints are the biggest areas for which we are getting complaints.

- 1. Non-Compliance on Customer Call Requirements** – Comcast continues to be out of compliance on customer call answering requirements. They have been out of compliance for over one year. Penalties have been levied and paid for three quarters. Comcast was assessed liquidated damages in the amount of \$24,563.70 for the period of December 06, Jan 07 & Feb 07 for being out of compliance with the 30 and 60 second phone answering statistics. In total, fines for three quarters have been paid and amounted to \$38,073.74 (letters attached). We have had several meetings with Comcast representatives concerning this issue and their reporting of these statistics which report their compliance with FCC and County customer service requirements.

(4)

Office of Cable and Communication Services

2. **Rate Increase** - On March 2<sup>nd</sup> Comcast notified the County that they would be increasing their franchise fees with their March bills. An increase in the franchise fee amount is a basic rate increase, and the 30-day notification requirement was not given to the County or customers. This issue came up in 2004, also, in the same manner. The County financial consultant analyzes the amount of the increase to make certain it is appropriate and adjusts it as necessary. Again this year, the County financial consultant disagrees with the calculation that Comcast used to determine its increase. We reported our findings and asked for more detailed information. Adjustments were made, but still the amount is not accurate. Our financial consultant, in conjunction with outside legal counsel, is communicating with Comcast regarding this matter.
3. **Free Video and Cable Modem Obligations - Comcast** - There are currently 15 outstanding requests for free cable modem or video services (list attached). Over the past two quarters Comcast has worked diligently to get many of the obligated accounts built and activated. We anticipate that this list will be addressed soon.
4. **Effective Competition** - Comcast filed a Petition for Determination of Effective Competition with the FCC. If the Petition is granted, the County and the participating municipalities would lose the authority to regulate the rates for basic cable service, equipment and installations. Also, Comcast would not be required to charge uniform rates throughout the franchise area; could bundle services so that basic subscribers would have to subscribe to higher tiers of service to receive premium channels; and could, under certain conditions, charge subscribers for services (utilizing a negative option procedure) unless a customer affirmatively "opts-out". The County is the franchise administrator on behalf of ourselves and 18 municipalities, and we worked with the municipal attorneys to file motions to dismiss with the FCC on behalf of the municipalities and ourselves. Comcast has until June 29<sup>th</sup>, 2007 to respond to the FCC regarding the motions.
5. **Privacy Notice** - The County informed Comcast that once again this year we cannot approve the Privacy Notice, as written, because it could be interpreted to permit actions that go beyond the scope of federal law.
6. **Credit Risk Assessment** - The County was notified that effective May 21<sup>st</sup>, Comcast would begin performing credit risk assessments on customers who are connecting, re-connecting or upgrading their services and charge an additional deposit fee for those who do not have good credit scores. We have had some complaints about this policy change, and we have asked Comcast to provide a written procedure on how this is implemented with consumers. They have advised that only new customers or customers with poor credit records will be included. Also, if a customer establishes a positive payment record for six months, the charge may be refunded.
7. **Service Calls** - Comcast has begun implementing rate card charges for service calls. The Cable Office has gotten complaints about being charged a fee of \$19.99 for a service call, even when the problem was with Comcast plant outside their home. Comcast claims that all service calls require a technician visit, and if the problem is outside the house, the fee will be refunded. Comcast also began offering a \$3.95 monthly service protection plan as of February 27, 2007. This plan covers wiring inside the customer's home. All outside wiring issues and inside equipment issues

are to remain free of charge. It is incumbent on the technician, however, to make note that the refund is to be made. We have great concerns about this new practice.

8. **Triple Play Packages** - The Cable Office is getting complaints about the \$99 triple play packages. As their package commitment ends they revert back to rate card prices. Customers are stating that they did not get advance notification of the ending dates of their packages and on average experience an increase of about 40%. We have asked about this, but as yet do not have a clear explanation about the exact amount of increases or the methods for notifying subscribers about the increase and alternative service options.
9. **12-month/24-month service commitment** - Effective July 27<sup>th</sup>, 2007, Comcast Preferred Plus, and Premier Triple Play will only be available with a 24-month subscription. Comcast Triple Play Starter Package will continue to be available for a new subscription on a 12-month agreement. \$150 early termination fee applies if any service is cancelled or downgraded during the period. After the commitment regular charges apply.

**B. RCN:** For RCN, the customer complaints are the almost exactly the same compared to the first two quarters of 2006. Service and billing are the main issues reported.

1. **Responsiveness** - The County is still concerned with the lack of responsiveness concerning complaints. We often have to call several times to start the complaint process. RCN's customer complaints continue to be minimal as you can see from the chart.
2. **No show charge** - Unlike Comcast, as a rule RCN does not charge for service calls. However, they do charge customers who are not at home for a scheduled appointment a charge of \$50.

**C. Verizon:**

We have begun receiving complaints from Verizon customers. Billing and construction are the issues of the most concern. Verizon has just met the customer threshold set in the franchise and will need to begin providing compliance reports for the 3<sup>rd</sup> quarter of 2007. Verizon is working with the Cable Office on a system where Verizon would be able to track their video compliance numbers for the Montgomery County area only.

1. **Service activated** - Verizon has activated all the areas in phase I of their build-out. Their upgraded plant now passes approximately 138,000 homes in Montgomery County. The following wire centers have been activated and can now enjoy Verizon. FiOS services: Woodacres, Wheaton, Colesville, Northwood, Wildwood, Beltsville, Laurel, Bradley, Montrose, Bethesda, Oakdale, Germantown, Damascus, and the municipalities of Glen Echo and Kensington.
2. **Rate Increase** - As of July 21, 2007 Verizon is increasing their rates for some equipment and installation charges. We understand that Verizon also has one and two year contracts for certain service packages with a fee of \$149 assessed for early termination.

3. **PEG channels** - Verizon made the interconnection with Comcast's system in the TOC and began offering the PEG channels on May 24<sup>th</sup>.
4. **Reports** - Verizon will begin filing their reports concerning compliance with County and FCC customer service requirements starting with the Third Quarter. Because their system is a regional system, we have worked with them to ensure that they report, to the extent possible, Montgomery County only statistics. They have provided a plan to accomplish this.

## II. Construction Violations:

### A. Comcast:

1. **Inspections** - During the first quarter our inspectors cited 2,928 construction violations. Comcast reported that they had addressed 1,579 (54%) of the problems by the end of the quarter, which is an improvement from previous recent quarters. Comcast reported that corrective action was performed within 30 days for approximately 80% of the violations. This percentage is also an improvement from previous quarters.
2. **Testing** - Our engineer's report that based on their observations of the Winter FCC proof-of-performance tests, the Comcast system meets the FCC minimum performance standards. Based on the results of the monitor tests we performed at 42 test locations, all but one of the locations met FCC standards for those measurements we sampled. Comcast has been advised of our engineer's findings.
3. **Re-Inspections** - In the first quarter, CTC inspected 1,331 violations that Comcast reported having fixed and found that 225 (17%) had not been resolved. The County has assessed a fine on Comcast.

### B. RCN:

1. **Inspections** - There were 117 violations reported to RCN in the first quarter which included some clearance issues, bonding and grounding, pole guying problems and the need for tree guards at a number of locations. Our records show that RCN has 1878 violations outstanding. They have hired a contractor to work on the outstanding complaints. On a weekly basis they provide a report to the County of violations that have been corrected.
2. **Testing** - Based on our observations of the tests performed by the RCN engineers, all of the measurements met the minimum FCC technical performance standards. We still need to review RCN's complete data to determine that all the tests conducted, including those we did not observe, also meets the FCC's performance standards.
3. **Re-Inspections** - In the first quarter, CTC inspected 359 violations that RCN reported having fixed and found that 31 (9%) had not been resolved.

### C. Verizon:

1. **Inspections** - Initial engineer's inspections found most of the problems to be with grounding of the plant at ends-of-lines. Verizon has questioned some of the violations and our engineers have responded to their questions. They have not provided responses to the notices sent to them.
2. **Testing** - The initial proof tests required to be performed on the Verizon system based on the FCC's criteria will occur this summer. Verizon did conduct some initial tests last winter but prohibited our engineers from observing the testing unless they sign their non disclosure agreement. Our attorney is working with them to resolve that issue. They have not provided us with any information about the results of the tests. We intend to have our engineers participate in the summer proof tests.

### III. Institutional Network (I-NET)

- Franchise required- We are pleased to report that we have only 1 remaining INET site outstanding that was franchise related. Comcast has notified the County that WSSC-Burtonsville will be completed in the 4<sup>th</sup> quarter of 2007. Connecticut Park and Parkland MS have been built during the 2<sup>nd</sup> quarter of 2007.
- County requested- Comcast has been done an excellent job in providing fiber to additional sites that the County has contracted with them to build for us. The Germantown Indoor pool, Lakelands MS, N. Bethesda MS and Fairland Recreation Center have all been completed over the past two quarters.

### IV. Rate Regulation

Comcast notified the County on March 13<sup>th</sup> that they were changing their FCC filing dates for the 1205 and 1240 filings. The County accepted the proposal on the 1240, but not the 1205. By delaying the filing of the 1205, subscribers may be overcharged for the period of July 1 through December 31 and the County would have no recourse. Comcast has filed the 1205 with the County in protest.

### V. Mid-Term Technical Review

The franchise requires a mid-term technical evaluation to determine that the system is being kept current with today's technology. The Mid-Term Review is intended to enable the County to determine whether to require a system upgrade to ensure that our residents are offered all the new and emerging technologies in use by the cable industry and operating in other similar communities. We are in the process of reviewing CTC's analysis of this mid-term report and information furnished by Comcast. In our preliminary analysis, it appears that for the most part the system is providing services and using technology that is consistent with other systems in jurisdictions similar to Montgomery County. We will issue a final determination

within this summer. A similar Mid-Term Review is required of RCN, but their report is not yet due to the County.

**VI. PEG Mobile Production Van** - The PEG Network channel managers have finalized their policies and procedures for the shared production vehicle, and they have started using it for filming special events. The County Council used the vehicle for its Town Meeting in the upper County last week, and the County Executive has scheduled an event for later this month. Cable staff gave tours of the vehicle to the Department of Technology Services at the Annual Summer Meeting last Friday.



DEPARTMENT OF TECHNOLOGY SERVICES

Isiah Leggett  
*County Executive*

Michael H. Knuppel  
*Acting Chief Information Officer*

April 20, 2007

Mr. Sanford Ames  
Area Vice President  
Comcast  
20 W. Gude Dr.  
Rockville, Maryland 20850

Dear Mr. Ames:

This letter is to notify you of the County's assessment of liquidated damages pursuant to Comcast's franchise agreement with the County (the "Franchise Agreement") and to require Comcast's payment of such damages within ten days.

Comcast has violated at least two of the applicable telephone answering standards. Information provided by Comcast shows that the company has not complied with the requirement that telephone answering time not exceed thirty seconds in the 4th quarter 2006 or for the three-month period consisting of December 2006, January & February 2007. In addition, during the same time periods Comcast has not complied with the requirement that the time to transfer a call to a customer service representative not exceed an additional thirty seconds. See Franchise Agreement § 9(c)(3).

Comcast was originally warned of this problem in June 2006. Liquidated damages were assessed for the period June, July and August 2006 & September, October and November 2006. Comcast has not corrected the violation. Thus, Comcast is liable for liquidated damages pursuant to Section 14 (f)(1)(A) of the Franchise Agreement and Section 8A-20(a)(1) of the Cable Law for the period of December 2006 & January and February 2007.

The Franchise Agreement, as amended by the Transfer Agreement of August 2000, sets damages for the first violation of quarterly customer service standards at \$500; for the second violation within eighteen months at \$5,000; and for subsequent violations within eighteen months after such a violation at \$10,000, Franchise Agreement at § 14(g)(7). The Franchise Agreement also provides that the amounts in the Agreement for liquidated damages are in 1998 dollars and shall be increased each year by the Consumer Price Index (CPI). *Id* at § 14(g). However, since the applicable quarterly violation amounts were stated in August 2000, required CPI adjustments have been calculated

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Office of Cable and Communication Services

starting from August 2000, using Bureau of Labor Statistics figures as near to applicable dates as available. Based on available CPI figures for the period of September 2000 through January 2007, we find that as of the date of this letter, Comcast is liable for liquidated damages as follows:

**Answering time shall not exceed thirty (30) seconds:**

For three months ending February 2007

$\$10,000 + \$2,281.85 \text{ adj. CPI} = \$12,281.85$

**Transfer time to a CAE shall not exceed an additional thirty (30) seconds:**

For three months ending February 2007

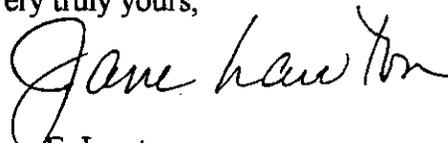
$\$10,000 + \$2,281.85 \text{ adj. CPI} = \$12,281.85$

These damages add up to a current total of \$24,563.70 for these two violations. This amount will continue to accumulate until Comcast corrects the violations.

Thus, the County now imposes liquidated damages on Comcast in the total amount specified above. Payment is required within ten calendar days after Comcast's receipt of this letter. Please note that if Comcast does not render payment to the County within ten days after receipt of this letter, the County will have the right to withdraw funds in the amount of such damages from Comcast's performance bond or security fund. See Franchise Agreement at § 14 (a), (b), (d)(A)(1).

If you should have any questions, please contact me.

Very truly yours,



Jane E. Lawton

Cable Communications Administrator

Cc: Michael H. Knuppel, Acting Chief Information Officer  
Clifford Royalty, Office of the County Attorney  
Marjorie L. Williams, Office of Cable and  
Angela Lee, Comcast Senior Director of Government Affairs  
Joshua Bokee, Comcast Area Director of Government Affairs



DEPARTMENT OF TECHNOLOGY SERVICES

Isiah Leggett  
County Executive

Michael H. Knuppel  
Acting Chief Information Officer

January 22, 2007

Mr. Sanford Ames  
Area Vice President  
Comcast  
20 W. Gude Dr.  
Rockville, Maryland 20850

Dear Mr. Ames:

This letter is to notify you of the County's assessment of liquidated damages pursuant to Comcast's franchise agreement with the County (the "Franchise Agreement") and to require Comcast's payment of such damages within ten days.

Comcast has violated at least two of the applicable telephone answering standards. Information provided by Comcast shows that the company has not complied with the requirement that telephone answering time not exceed thirty seconds in the 3<sup>rd</sup> quarter 2006 or for the three-month period consisting of September, October & November 2006. In addition, during the same time periods Comcast has not complied with the requirement that the time to transfer a call to a customer service representative not exceed an additional thirty seconds. See Franchise Agreement § 9(c)(3).

Comcast was originally warned of this problem in June 2006. Liquidated damages were assessed for the period June, July and August 2006. Comcast has not corrected the violation. Thus, Comcast is liable for liquidated damages pursuant to Section 14 (f)(1)(A) of the Franchise Agreement and Section 8A-20(a)(1) of the Cable Law.

The Franchise Agreement, as amended by the Transfer Agreement of August 2000, sets damages for the first violation of quarterly customer service standards at \$500; for the second violation within eighteen months at \$5,000; and for subsequent violations within eighteen months after such a violation at \$10,000. Franchise Agreement at § 14(g)(7). The Franchise Agreement also provides that the amounts in the Agreement for liquidated damages are in 1998 dollars and shall be increased each year by the Consumer Price Index (CPI). *Id* at § 14(g). However, since the applicable quarterly violation amounts were stated in August 2000, required CPI adjustments have been calculated starting from August 2000, using Bureau of Labor Statistics figures as near to applicable

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Office of Cable and Communication Services

dates as available. Based on available CPI figures for the period of September 2000 through January 2007, we find that as of the date of this letter, Comcast is liable for liquidated damages as follows:

**Answering time shall not exceed thirty (30) seconds:**

For three months ending November 2006

\$5,000 + \$1,140.92 adj. CPI = \$6,140.92

**Transfer time to a CAE shall not exceed an additional thirty (30) seconds:**

For three months ending November 2006

\$5,000 + \$1,140.92 adj. CPI = \$6,140.92

These damages add up to a current total of \$12,281.84 for these two violations. This amount will continue to accumulate until Comcast corrects the violations.

Thus, the County now imposes liquidated damages on Comcast in the total amount specified above. Payment is required within ten calendar days after Comcast's receipt of this letter. Please note that if Comcast does not render payment to the County within ten days after receipt of this letter, the County will have the right to withdraw funds in the amount of such damages from Comcast's performance bond or security fund. See Franchise Agreement at § 14 (a), (b), (d)(A)(1).

If you should have any questions, please contact me.

Very truly yours,



Jane E. Lawton

Cable Communications Administrator

Cc: Michael H. Knuppel, Acting Chief Information Officer  
Clifford Royalty, Office of the County Attorney  
Marjorie L. Williams, Office of Cable and  
Angela Lee, Comcast Senior Director of Government Affairs  
Joshua Bokee, Comcast Area Director of Government Affairs



DEPARTMENT OF TECHNOLOGY SERVICES

Douglas M. Duncan  
County Executive

Alisoun K. Moore  
Chief Information Officer

October 10, 2006

Mr. Sanford Ames  
Area Vice President  
Comcast  
20 W. Gude Dr.  
Rockville, Maryland 20850

Dear Mr. Ames:

This is to notify you that Comcast has committed two distinct violations of the Franchise Agreement and Chapter 8A of the Montgomery County Code. These violations render Comcast subject to liquidated damages under the Franchise Agreement.

On June 22, 2006, I notified you by letter that Comcast had violated three customer service standards for the period January, February, and March 2006. In that letter the County required that Comcast demonstrate compliance with the terms of Sections 9(c)(3) and 9(d)(1) of the Franchise Agreement for the period of June, July, and August 2006. If Comcast were not in compliance, the County would impose liquidated damages. By providing this extended notice and opportunity to cure, the County has more than satisfied the requirements of Section 8A-20(d) of the Cable Law and Section 14(f)(4) of the Franchise Agreement, as well as 47 U.S.C. § 546(d).

**Violations**

(1) Pursuant to Section 9(c)(3)(A) of the Franchise Agreement between the County and Comcast, Comcast must ensure that at least ninety percent of the time, measured quarterly, telephone answering time does not exceed thirty seconds. Comcast's reports for June, July, and August 2006 show that during that period, Comcast met that standard only 75.19% of the time.

(2) Pursuant to Section 9(c)(3)(A) of the Franchise Agreement, Comcast must ensure that at least ninety percent of the time, measured quarterly, the time to transfer a call to a customer service representative does not exceed thirty seconds beyond the initial telephone answering time limit of thirty seconds. Comcast's reports for June, July, and



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Office of Cable and Communication Services

100 Maryland Avenue, Suite 250 • Rockville, Maryland 20850  
240/773-2288, FAX 240-777-3770

August 2006 show that during that period, Comcast met that standard only 78.78% of the time.

(3) Pursuant to Section 9(d)(1) of the Franchise Agreement, Comcast must ensure that at least 95 percent of the time, measured quarterly, repairs and maintenance not requiring work within subscriber premises must be completed within twenty-four hours. Based on Comcast's reports for June, July, and August 2006, it appears that Comcast complied with this standard for that period. Thus, the County will not assess liquidated damages for Section 9(d)(1).

### Liquidated Damages

The customer service standards that are measured quarterly are subject to liquidated damages under § 14(g)(7) of the Franchise Agreement, as amended by § 5.4.6 of the 2000 transfer agreement. This provision sets the damages for the first violation at \$500; for the second violation within eighteen months after the first violation at \$5,000; and for subsequent violations within eighteen months after the second or any subsequent violation at \$10,000.

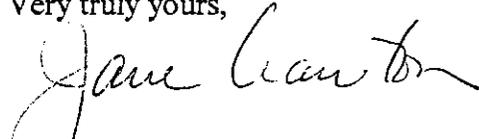
The Franchise Agreement also provides that the amounts stated in the Agreement for liquidated damages are in 1998 dollars and shall be increased each year by the Consumer Price Index (CPI). See Franchise Agreement at § 14(g). However, since the violation amounts were revised in August 2000, the required CPI adjustments have been calculated on Bureau of Labor Statistics data starting from August 2000. Based on the applicable CPI figures for the period September 2000 through September 2006 Accordingly, the liquidated damages for violations (1)-(2) for June, July, and August 2006 are:

Violation	Base amount	CPI adjustment	Total
(1) Answering time	\$500	\$114.10	\$614.10
(2) Transfer time	\$500	\$114.10	\$614.10
Total	\$1,000	\$228.20	\$1,228.20

The County hereby imposes liquidated damages on Comcast in the amount of \$1,228.20. Payment is required within ten calendar days after Comcast's receipt of this letter. Please note that if Comcast does not render payment to the County within ten days after receipt of this letter, the County will have the right to withdraw funds from the performance bond or security fund pursuant to § 8A-19(c) of the Cable Law and § 14(d)(A)(1) of the Franchise Agreement.

If you should have any questions, please contact me.

Very truly yours,

A handwritten signature in cursive script that reads "Jane E. Lawton". The signature is written in black ink and is positioned above the typed name.

Jane E. Lawton  
Cable Communications Administrator

cc: Jerry Pasternak, Special Assistant to the County Executive  
Alisoun K. Moore, Chief Information Officer  
Clifford Royalty, Office of County Attorney

# Open Requests Free Cable Drop

<i>Date Submitted</i>	<i>Database Number</i>	<i>Company Name</i>	<i>Address</i>
1/11/2006	721	Department of Fire and Rescue Services	8110 Georgia Av
4/4/2006	737	Department of Police	8300 Hegelman Ct
4/10/2006	739	Montgomery College	7977 Georgia Av
6/23/2006	949	Montgomery County Police	7700 Old Georgetown Rd
11/28/2006	959	Montgomery County Coalition for the Homeless	5830 Riggs Rd
1/29/2007	965	Department of Police	2350 Research Blvd
1/30/2007	966	Montrose Christian School	5100 Randolph Rd
2/5/2007	970	Montgomery County Public Schools	850 Hungerford Dr
2/5/2007	968	Montgomery County Public Schools	850 Hungerford Dr
2/5/2007	967	Montgomery County Public Schools	850 Hungerford Dr
3/2/2007	975	The Family Services Agency, Inc.	610 East Diamond Av
3/2/2007	974	The Family Services Agency, Inc.	610 East Diamond Av
3/22/2007	981	The ARC of Montgomery County-After All Program	11600 Nebel St
6/14/2007	984	Bauer Drive Community Center	14625 Bauer Dr
6/27/2007	985	Department of Economic Development	155 Gibbs St, 4th Floor

**Total Open Requests** 15





# Complaint Description Breakdown Timeframe: April & May 2007

Comcast Complaints	VoIP Service				Internet Telephone Service				Construction Reception				Marketing Install				Service-ability		Cable Line Related		Other
	Billing	Service	Service	Service	Service	Ans	Time	Reception	Construction	Marketing	Install	Marketing	Install	ability	Related	Related	Other				
303	83	188	15	64	46	109	3	20	13	4	46	15									
<b>Complaint Percentage</b>	<b>27.4%</b>	<b>62.0%</b>	<b>5.0%</b>	<b>21.1%</b>	<b>15.2%</b>	<b>36.0%</b>	<b>1.0%</b>	<b>6.6%</b>	<b>4.3%</b>	<b>1.3%</b>	<b>15.2%</b>	<b>5.0%</b>									
<b>Total Issue Percentage</b>	<b>13.7%</b>	<b>31.0%</b>	<b>2.5%</b>	<b>10.6%</b>	<b>7.6%</b>	<b>18.0%</b>	<b>0.5%</b>	<b>3.3%</b>	<b>2.1%</b>	<b>0.7%</b>	<b>7.6%</b>	<b>2.5%</b>									
<b>Total Issues Generated 606</b>													<b>Total Issues per Complaint 2.0</b>								

RCN Complaints	VoIP Service				Internet Telephone Service				Construction Reception				Marketing Install				Service-ability		Cable Line Related		Other
	Billing	Service	Service	Service	Service	Ans	Time	Reception	Construction	Marketing	Install	Marketing	Install	ability	Related	Related	Other				
15	8	4	0	3	1	2	0	1	0	0	1	1	0	0	0	1	1				
<b>Complaint Percentage</b>	<b>53.3%</b>	<b>26.7%</b>	<b>0.0%</b>	<b>20.0%</b>	<b>6.7%</b>	<b>13.3%</b>	<b>0.0%</b>	<b>6.7%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>6.7%</b>	<b>6.7%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>6.7%</b>	<b>6.7%</b>	<b>6.7%</b>			
<b>Issue Percentage</b>	<b>38.1%</b>	<b>19.0%</b>	<b>0.0%</b>	<b>14.3%</b>	<b>4.8%</b>	<b>9.5%</b>	<b>0.0%</b>	<b>4.8%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>4.8%</b>	<b>4.8%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>4.8%</b>	<b>4.8%</b>	<b>4.8%</b>			
<b>Total Issues Generated 21</b>													<b>Total Issues per Complaint 1.4</b>								

Verizon Complaints	Internet Telephone Service				Construction Reception				Marketing Install				Service-ability		Cable Line Related		Other
	Billing	Service	Service	Service	Service	Ans	Time	Reception	Construction	Marketing	Install	Marketing	Install	ability	Related	Related	
16	5	2	0	1	1	6	2	3	0	0	2	0	2				
<b>Complaint Percentage</b>	<b>31.3%</b>	<b>12.5%</b>	<b>0.0%</b>	<b>6.3%</b>	<b>6.3%</b>	<b>37.5%</b>	<b>12.5%</b>	<b>18.8%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>12.5%</b>				
<b>Issue Percentage</b>	<b>22.7%</b>	<b>9.1%</b>	<b>0.0%</b>	<b>4.5%</b>	<b>4.5%</b>	<b>27.3%</b>	<b>9.1%</b>	<b>13.6%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>9.1%</b>				
<b>Total Issues Generated 22</b>													<b>Total Issues per Complaint 1.4</b>				

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- Appendix D: Explanation of Performance Test Graphs
- Appendix E: Channel Line-Up
- Appendix F: Inspection Standards and Authority
- Appendix G: Proof-of-Performance Test Results

## I. INTRODUCTION

This report documents the quality of construction and the technical performance of the cable television system in Montgomery County during the first quarter of 2007.

The Comcast system rebuilt in 2002 provides service to County subscribers from its headend via 14 optical transition nodes ("OTN"), or hubs, and approximately 362 fiber optic nodes, each of which is designed to deliver signals to approximately 1,500 homes. The rebuild construction included an Institutional Network ("I-Net") presently connected to over 100 County buildings and offices.

The County's Office of Cable and Communication Services administers a comprehensive cable oversight program to ensure that a high level of services are provided in compliance with the terms and conditions of the Franchise Agreement, applicable sections of the County Code, Federal Communications Commission ("FCC") rules and regulations, and other relevant guidelines, rules, and generally accepted industry practices. Columbia Telecommunications Corporation ("CTC"), under contract to the County, provides the engineering support for the County's testing and inspection program. The program includes inspection of the physical cable system plant and system performance monitoring and testing.

The inspection portion of the program examines each phase of the construction process, which includes the addition of new service areas to the system as well as maintenance and repair of the existing system. To evaluate overall plant construction, inspections are conducted in three phases: in-progress construction, post-construction, and reinspection of repairs. Details of the inspection violations reported are provided in Appendix A.

The performance testing portion of the program is comprised of a series of system performance tests including:

- Semi-annual Proof-of-Performance tests required by the FCC;
- Quarterly monitor tests to collect additional data on system performance between the semi-annual proof test periods;
- Acceptance tests of newly built and activated segments of the system; and
- Periodic tests of the fiber optic connections from the public, educational, and government programming ("PEG") facilities to the cable system's central programming distribution center or "headend."

These tests are used to monitor the compliance of the system with FCC, Comcast, and County technical specifications. The schedule for the tests is provided in Appendix B.

This report details the results of the testing and inspection program conducted by CTC for the period from January 1 to March 31, 2007.

## II. CONSTRUCTION INSPECTION

The County continuously inspects the quality of in-progress construction work and the physical cable plant and equipment in the public rights-of-way. These inspections verify the extent to which the construction complies with the engineering design, construction standards for physical cable plant and installation of equipment on the cables, safety of work-in-progress, and the restoration of work areas after construction has been completed. The results of our inspection are summarized in this report. Where problems are found during the inspection process, the specific violations are cited and provided to the operator for appropriate corrective action. This process verifies that for the locations inspected, the system is constructed, maintained, and operated in accordance with local and national construction and safety codes as required in §5 of the Franchise Agreement. In addition to other construction and operating requirements of the County Code and the Franchise Agreement, the primary authorities for compliance are summarized in Appendix F, with explanations of typical violations reported by our inspectors.

### A. Work-in-Progress Inspection Sites

During construction, the performance of the work crews is monitored for compliance with Department of Public Works and Transportation standards for work in the public rights-of-way, national codes, and with generally accepted cable industry standards for construction. The system operator provides the County with a list of locations where its construction crews will be working so that our inspectors may visit a sampling of these locations to verify that all safety codes and construction regulations required by the Franchise Agreement are followed.

Table 1 summarizes the number of "work sites" inspected during the reporting period. The statistic reported for work sites is simply the total number of sites each month where the operator reported active construction. This statistic gives a sense of the level of construction activity in the community.

<b>Table 1 Work Sites and Project Inspections</b>			
<b>Month</b>	<b>Total # Active Work Sites</b>	<b>Total # Work Sites Inspected</b>	<b>% Inspected</b>
January	98	64	65%
February	57	14	25%
March	158	42	27%
<b>Quarter Totals</b>	<b>313</b>	<b>120</b>	<b>38%</b>
2007 Totals	313	120	38%

Nearly all of the work reported during the first quarter was related to maintenance of the plant. The number of work sites reported during this quarter was approximately 20% more than the number reported during the previous quarter. Our inspectors found no problems at the work locations they inspected.

**B. Design Map Review**

Although Comcast reported new construction at several small subdivisions, no design maps were provided for review prior to construction.

**C. Construction Inspection Results**

After construction is complete, the physical plant and construction work areas are inspected to verify that construction and restoration of the work site complies with the standards required by the Franchise Agreement.

During the first quarter our inspectors cited 2,928 construction violations. Comcast reported that they had addressed 1,579 (54%) of the problems by the end of the quarter, which is an improvement from previous recent quarters. Comcast reported that corrective action was performed within 30 days for approximately 80% of the violations. This percentage is also an improvement from previous quarters.

Table 2 summarizes the violations reported during the first quarter by type of violation category.

<b>Table 2</b>					
<b>Construction Inspection Summary - Reported Violations</b>					
Type of Problem	2006 1st Qtr	2006 2nd Qtr	2006 3rd Qtr	2006 4th Qtr	2007 1st Qtr
Construction	1013	1460	1720	1364	<b>1675</b>
Equipment	242	48	49	75	<b>38</b>
Restoration	56	58	123	179	<b>56</b>
Subscriber Drops	839	633	558	680	<b>1159</b>
<b>Totals</b>	2150	2199	2450	2298	<b>2928</b>

Nearly half of the Construction violations were related to aerial plant. Violations cited by our inspectors included locations that required cables to be properly secured to poles or the supporting strand, and locations that required installation of guards over the cables to protect the cables from damage from tree branches.

Only 5% of the Construction related problems were related to grounding problems, and included such items as missing grounds or bonds or ground wires that were not connected to the ground rods where required.

Over one-third of the Construction violations were related to problems with guying of the poles. Numerous guy wires were found that required guards to mark the wires to alert pedestrians of their presence. Other poles were found to have broken guy wires, wires that were not attached to the guy rods that secure the wires to the ground, and wires that were in place but required tightening to provide the intended support to the pole.

Approximately 8% of the Construction related violations were related to clearance issues that need to be resolved with the other utility cabling on the poles or above the ground. Other Construction related violations cited included locations where exposed temporary underground cables needed to be properly buried, coils of cables had fallen to the ground and needed reattachment, and cables needed to be transferred to new utility poles so the old poles may be removed.

The few equipment and restoration problems reported for repair included damaged or missing pedestal covers and restoration of areas at the pedestal installation or along the ground where underground cabling had been installed.

In the Drop category of violations, 30% of the problems reported were related to old unused, disconnected drops that were hanging from the poles and needed to be removed. We reported 251 locations where there were clearance issues with drop cables and 117 locations where the underground drop required burial. Approximately 15% of the drops inspected were not properly secured to either the house or the poles. In addition, there were nearly 200 residences where the drop was not grounded to current code.

Our records show that Comcast has not yet reported the status of their corrective work on the 1,447 outstanding violations from the 4th quarter of 2006.

A listing of the violations reported in the first quarter can be found in Appendix A.

### Inspection Alerts

We report violations that present a hazardous situation or a potential liability to the County or cable system operator as "Inspection Alerts." The operator attempts to correct these violations within seven days. In the first quarter, we found 14 temporary cables that presented hazards to the public. These included drop cables and main line plant across roadways, sidewalks, lawns and driveways. Cables at some of these locations were 300' to 500' in length. By the end of the quarter, Comcast reported fixing 13 of the 14 Alerts, five of which were reported corrected within seven days. The remaining Alerts took anywhere from 10 days to one month to correct.

### D. Reinspection of Violations

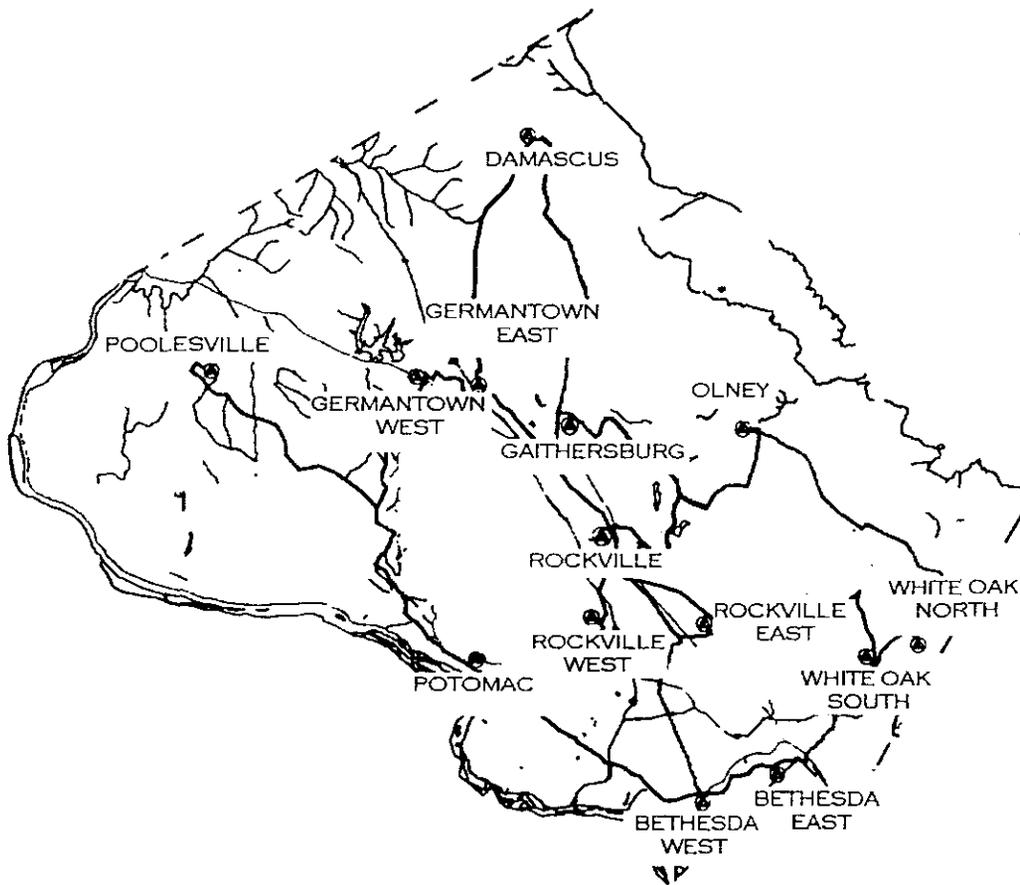
After Comcast reports correction of violations, we reinspect a sampling of those violations to verify that the repair has been made and that the problem has been corrected. In the first quarter, we inspected 1,331 violations that Comcast reported having fixed and found that 225 (17%) had not been resolved. We have provided Comcast with a copy of those violations for follow-up.

### III. SYSTEM PERFORMANCE TESTING

CTC conducts a program of system-wide tests to evaluate the overall performance of the cable system. The performance tests are based on FCC and Franchise requirements and the approved design characteristics of the cable system. The testing program includes tests for newly constructed areas, required FCC tests, and monitor tests.

The system headend is located at the Comcast facility on Gude Drive in Rockville. The rebuilt system design utilizes 14 optical transition nodes ("OTN"), as well as a separate OTN dedicated to serve Leisure World, with redundant fiber rings along separate paths to all OTNs except the Poolesville Hub. The OTNs serve approximately 362 fiber optic nodes throughout the County. The OTN architecture is illustrated in Figure 1.

**Figure 1: OTN Architecture**



The system operator and the County jointly established 49 fixed test points throughout the service area. These test points, located at the extremities of the system, were selected to provide a representative geographic sampling of the system for electronic performance measurements.

#### A. Federal Communications Commission Proof-of-Performance Tests

The system operator is required by the FCC to perform semi-annual Proof-of-Performance ("proof") tests in accordance with FCC procedures to demonstrate that overall performance of the cable system meets the minimum technical standards for analog signals as established by the FCC for cable television systems. The number of test locations is determined by the size of the system using a formula devised by the FCC. For the Comcast Montgomery County system, the FCC's test procedures require a sampling of signals on nine channels at a minimum of 21 different geographic locations on the system. The proof tests are performed once in the winter and once in the summer to measure system performance during temperature extremes that may impact transmission of signals across the system. We observe proof tests, which are performed by Comcast contractors, to verify the tests are properly conducted and that the results are accurately reported according to FCC rules.

We observed the winter proof tests performed by Comcast's contractor from January 11- January 13, 2007. Based on our observations of the measurements taken, the system meets the FCC minimum performance standards for the tests we witnessed. Some of the measurements are taken over a 24-hour period and those measurements are then compared with measurements taken at the previous proof tests to demonstrate the stability of the system over time. Comcast has not yet submitted the complete set of test data for the winter 2007 or the summer 2006 proof tests as required. We will report on the status of our review of those reports in the next quarterly report.

#### B. Monitor Tests

CTC conducted the first quarter monitor tests from January 11<sup>th</sup> to January 13<sup>th</sup> and March 13<sup>th</sup> to March 19<sup>th</sup>. For the monitor tests, we measure signal-to-noise ratio, hum, and signal levels. We also perform an objective viewing of the picture quality on all of the analog channels. Based on the results of the tests we performed at 42 test locations, all but one of the locations met FCC standards for those measurements we sampled. The 7700 Brink Road location (Test Point DA-03) had excessive peak-to-valley response and did not meet FCC specifications. A copy of the test results for that location is included in Appendix C of this report.

We were unable to test at four test points (20631 Plum Court, 21400 Big Woods Road, 3708 Nimitz Road, and 14117 London Lane) because the drops were disconnected. We will work with Comcast staff to identify replacement test points for those locations.

Additional information on test measurements standards, including an explanation of the effects of signals that do not meet the minimum FCC technical measurements, is included in Appendix D. The current Comcast channel line-up is provided in Appendix E.

#### C. Acceptance Tests

No new nodes were tested during the first quarter.

D. PEG Feed Tests

We are working with the PEG operators improve the signal routing capabilities of the PEG network. As part of the changes to facilitate sharing of programming among the PEG operators, we plan to test all of the signals from operator's studios as part of that process in the second quarter.

E. I-Net Tests

There were no I-Net tests conducted in the first quarter.



Columbia Telecommunications Corporation

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May 25, 2007

Via Electronic Transmission

Ms. Jane Lawton  
Cable Communications Administrator  
Office of Cable and Communication Services  
Montgomery County Government  
100 Maryland Avenue, Room 250  
Rockville, MD 20850

Re: RCN First Quarter 2007 Report

Dear Ms. Lawton:

This is to update you on the status of our testing and inspection of the RCN system during the first quarter of 2007.

**Construction Inspection**

*Cable Plant*

In the first quarter of 2007, as our inspectors moved into areas where there was less RCN plant than last quarter, we found only 177 violations to cite for correction. Nearly all of the violations were in the Construction category, which included:

- Need for tree guards (23%);
- Pole guying problems where guy wires were broken or slack or the guy rod had been pulled up higher than permitted (18%);
- Bonding and grounding issues: mostly where there were ground wires in place but which were not connected to the ground rod (13%); and,
- Clearance from other telecommunications cables on the poles, the need to transfer RCN plant to a new pole so the old pole can be removed, and locations where the strand was not properly secured to the pole (21%).

We also found a few locations where the lashing was broken and the plant was falling away from the strand.

### *Subscriber Drops*

Drop problems included locations where either the drop was not secured to the residence, was exposed (underground drop), needed to be wrecked out (unused drop hanging from pole), or was connected to the power service mast.

A list of violations reported to RCN during the first quarter is provided in Attachment A.

### *Inspection Alerts*

Violations that present a safety hazard are reported as Alerts. During the first quarter, we reported one Alert for a location where two drop cables to a house were laying across the sidewalk and needed to be buried.

### *RCN Repairs/Reinspections*

During the first quarter, RCN reported correction of 161 violations reported for repair in the third quarter of 2006. However, 2,065 violations from 2006 and none of the 177 first quarter 2007 violations have not been addressed.

At the beginning of the quarter, prior to receiving correction notices from RCN, we revisited a sampling of the third quarter 2006 sites to see if corrective work had done but simply had not been reported by RCN. We found that 59 of the 103 locations inspected (57%) were still not corrected.

### **Performance Testing**

#### *Proof-of-Performance Tests*

The winter 2007 proof-of-performance tests were performed at seven test locations from February 15 – 21, 2007. Based on our observations of the tests performed by the RCN engineers, all of the measurements met the minimum FCC technical performance standards. When RCN provides us with the results of the winter 24-hour measurements, we can report whether those tests also met FCC standards. RCN has not yet provided the full proof test results for the winter 2007 or summer 2006 tests, which are required to verify the stability of the system over time as required by the FCC.

#### *Monitor Tests*

Monitor tests were performed at the seven proof test locations concurrent with the proof tests from February 15 – 21, 2007. Additional tests were performed at the other four monitor test locations on March 14th. All sites tested met FCC standards for the measurements recorded. We were unable to test two sites (810 Lanark Way and 2945 Woodstock Avenue) because the drops were disconnected at the time of testing. RCN needs to either replace those drops with an alternate location or reconnect the sites to accommodate future performance tests.

Ms. Jane Lawton  
May 25, 2007  
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Should you have any questions regarding this report or need additional information, please let us know.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Hunnicutt". The signature is fluid and cursive, with the first letter of the first name being a large, stylized capital 'R'.

Robert P. Hunnicutt

Attachment  
RPH/cc

MEMORANDUM

July 5, 2007

TO: Management and Fiscal Policy Committee

FROM: Amanda M. Mihill, Legislative Analyst *A. Mihill*

SUBJECT: Quarterly Review - Comcast, RCN, and Verizon Customer Service

After the packet for the quarterly review of customer service went to print, Council staff was provided with updated customer service compliance numbers for the second quarter. Table 1 below shows that for the second quarter, Comcast was out of compliance with all customer service categories except installations performed in seven days. Complete second quarter data is not yet available for RCN; however, Table 2 on the following page contains data for April and May.

**TABLE 1: Customer Service Summary Information Provided by Comcast for Video  
July 2006 – June 2007**

Category of Service	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Percentage of calls answered in 30 seconds (90% required by franchise agreement)	76	69	36	85	80	73	77	80	85	89	74	87
Percentage of calls receiving a CAE connection within 60 seconds (90% required by franchise agreement)	78	76	45	85	76	74	73	76	83	61	79	84
Percentage of repairs performed within 24 hours (95% required by franchise agreement)	93	94	83	88	94	97	91	85	83	86	82	85
Percentage of installations performed in 7 days (95% required by franchise agreement)	71	90	98	100	100	100	100	98	97	96	96	96

\* Data not yet provided

**TABLE 2: Customer Service Summary Information Provided by RCN for Video  
July 2006 – June 2007**

<b>Category of Service</b>	<b>July</b>	<b>Aug</b>	<b>Sept</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>June</b>
Percentage of calls answered in 30 seconds (90% required by franchise agreement)	56	67	82	97	97	97	97	98	97	97	97	*
Percentage of calls receiving a CAE connection within 60 seconds (90% required by franchise agreement)	61	73	92	93	85	92	89	86	93	91	92	*
Percentage of repairs performed within 24 hours (95% required by franchise agreement)	95	95	95	97	98	97	97	98	97	98	97	*
Percentage of installations performed in 7 days (95% required by franchise agreement)	100	100	100	100	100	100	100	100	100	100	100	*

\* Data not yet provided