

MEMORANDUM

October 9, 2009

TO: Management and Fiscal Policy Committee
FROM: Dr. Costis Toregas, Council IT Adviser
SUBJECT: Cable Quarterly Review



Expected to attend:

Steven Emanuel, Chief Information Officer
Mitsuko R. Herrera, Cable Communications Administrator
Representative from Office of Management and Budget
Joshua Bokee, Comcast
Tara Potter and Paul Miller, Verizon
Richard Beville, RCN

Summary of staff recommendations to the MFP Committee

1. Request operator explanations for the poor performances in the categories of timely complaint resolution and satisfaction with complaint outcome, highlighted in columns 2 and 4 of the Montgomery County Cable Operator Customer Service Score Card on ©7.
2. Request Executive branch to propose solutions to the current lack of non-compliance remedies for cable operator complaints.
3. Consider the usefulness of inspection compliance statistics to the Committee work and request such information as appropriate, along with details of the inspection service provision models.
4. Discuss proposed changes to Cable Plan on ©10-11 on format and allocation currently under consideration by the Executive branch

Score Card Results

The Committee holds quarterly worksessions to review customer service performance for Comcast Cable Communications, RCN, and Verizon Communications, the three cable franchisees operating within the County boundaries. These reviews ensure that performance measures established by the County’s franchise agreements and Federal Communications Commission (FCC) compliance targets are being met. In order to track and evaluate operator performance, the Cable Office has developed a “Cable Operator Customer Service Score Card” with several performance statistics, on which the operators report periodically. The four statistics currently in use are:

FCC Compliance statistic	Minimum standard	In compliance
Telephone answered in 30 seconds	90%	All
Call transferred to agent in 30 seconds	90%	All
Service within 24 hours	95%	All
Installation within 7 days	95%	All

All companies have been in compliance for both quarters in which statistics have been reported.

In addition, the Cable Office reports on customer service **outcomes**; the variation in performance is far more pronounced in this set of qualitative statistics.

Resolution of customer complaints	Minimum standard	In compliance
Complaint was resolved	Not established	?
Resolution was in reasonable time	Not established	?
Satisfied with the outcome	Not established	?
Satisfied with Cable Office assistance	Not established	?

The County has not set an expectation of customer service percentages as the FCC has done; therefore, one must look at trends over time to make statements about performance. The Committee should request that actual performance standards be set for the four outcome measures selected, and that compliance against these metrics be reported through the Score Card. There are only three quarters of data in the Score Card, so such analysis cannot provide firm results. Most numbers show a tendency toward improvement over time. However, two areas are cause for some concern:

1. Verizon’s percentage of customers agreeing that their complaints were resolved has dropped significantly (from 75% to 25%) in this last quarter. Cable Office staff point to the fact that this percentage is based on a small number of cases, which can skew the results, but offer no statistics and incident counts to justify this claim. The Committee should ask Verizon representatives to **explain** this seemingly major **degradation** of customer satisfaction.

2. The percentage of customers indicating satisfaction with the outcomes of their complaints remains low. None of the operators can boast a measure higher than 90%, and if the FCC threshold for compliance (either 90% or 95% in other metrics) were to be applied, all operators would fail. Mitigating the negative perception of performance is the fact that two of the three operators have had scores which are improving over time, but an explanation of this low performance should be provided during the worksession.

As the Score Card matures and becomes an accepted management tool for steering operator performance, the Committee should now turn its attention to the more complex one of needed tools with which to change non-compliance if it should occur, whether in the aggregate or for specific cases. This will be covered in the next section on Customer Complaint concerns.

Customer Complaint Processes

The Committee requested the documentation of follow-up procedures for each of the major categories of customer complaints. Councilmembers are aware that residents often call, email, or write individual members or the Council as a whole, laying out frustrations and disappointments they feel they must voice to their elected officials relating to cable service issues. Over the last few months, issues that have been identified and for which Council has been asked to help were organized into several discrete categories:

Category	Complaint examples within category
Billing problems	Credits, inaccurate or misleading items on bills (for example, being billed "truck charges")
Construction concerns	Unfinished/unsightly work sites of cable hook ups and cable expansion Construction-based delays
Technical service	Delays in restoring service (delays of 2 and 3 weeks have been documented) Scheduling home calls: no-shows, too broad a window
Internal operator management processes	Poor communication to both the County and residents regarding major changes to the service, including rates, shifting channel locations, and the timing of such communications Lack of visibly changing internal business processes to ensure that problems, once identified and responded to, do not crop up again

The Cable Office has provided a table on ©2 that describes the process which Executive branch staff follow in each of the first three categories (Billing, Construction, and Technical Service). It is clear from comments made on the Non-Compliance process column that the Cable Office does not believe it has powers to pursue any sorts of remedies for non-compliance. This observation is buttressed by comments received from a resident recently on ©8-9 who suggests that the County ought to move beyond restrictions imposed by cable legislation and seek administrative or legal remedies. This situation should be resolved either through new legislation or through reinvigoration of existing, but unused mechanisms, such as the Cable Compliance Commission that has been allowed to become inactive because of lack of quorum. The Committee should request the Executive branch to **propose mechanisms for remedying non-compliance** in the next worksession for discussion and guidance.

In addition, the last category of complaint types (internal operator management processes) requires attention and resolution. If the operators do not explicitly define the mechanism by which they resolve systemic problems or present ways in which they intend to change internal business processes, customer complaints will continue unabated, a negative situation for the operators as well as County leaders who receive them and feel powerless to intervene in a meaningful manner. The Committee should request a process to administer this last category and remedy non-compliance.

In addition, the upcoming launch of the MC311 system will undoubtedly have a major impact on cable complaints and their documentation and tracking. Committee members should be briefed on the expected impact of the launch of this new centralized call-taking operation on number of complaints, tracking of complaints and the interface between MC311 databases and the Score Card mechanism.

Cable Construction Inspections

The inspection program for cable construction is described on ©3. While the Cable Office states that inspection staff has been reduced by 30%, it is difficult to ascertain the impact of these reductions, as there are no statistics on numbers of inspections, compliance to standards, and violation citations issued. Such statistics are vital to understand this important function, and it would be important to ensure that they are made part of the quarterly review sessions once again.

The inspection program execution element is outsourced to a private vendor. The quarterly status report would greatly benefit from an inclusion of financial information relating to cost of inspection services to date, effectiveness of the inspection program in some measurable manner, and a meaningful evaluation of the potential to in-source this service.

Comcast Digital Migration and Encryption

The conversion of the last operator (Comcast) to digital encryption in November 2009 is likely to raise concerns from the viewing public. When a similar switch took place regarding the loss of Maryland Public TV from open channel programming, the Council offices were inundated with calls requesting information and complaints about a process that was fundamentally out of its hands. Similarly, this switch could result in confusion and frustration, unless a robust communications campaign is undertaken. The Cable Office should complement the advertising undertaken by the operator with its own PSA campaign to mitigate negative community reaction to this switch.

The Committee should request such a communications campaign to be undertaken in partnership with Comcast.

Cable Fund Financing Issues

During the last few months, Executive branch representatives have discussed a desire to make changes to the format of the Cable Plan to better reflect today's revenue and expenditure flows, shifts in funds from one category to another, and other actions that may affect content and allocation. The current, approved Cable Plan is on ©10-11. Since the Cable Plan is a vital document, and since the financial discussion regarding FY11 budget is near, the Committee may want to raise the following questions with Executive branch representatives regarding the actual impact of the contemplated changes:

- Will the changes restrict or reduce the ability of the Council to authorize and take action on the Cable Fund?
- Will priority-setting decisions for the Cable Fund be enhanced, and if so, how?
- The Cable Fund is currently the sole source of funding for FiberNet, a vital infrastructure for the County, as well as for many community programming groups. How will the changes affect the visibility and support for these programs?
- The staffing pattern for the Cable Office has been the center of several discussions. Will the discussed changes to the Cable Plan affect it?



DEPARTMENT OF TECHNOLOGY SERVICES

Isiah Leggett
County Executive

E. Steven Emanuel
Chief Information Officer

MEMORANDUM

October 8, 2009

TO: Management and Fiscal Policy Committee

FROM: Mitsuko R. Herrera
Cable Communications Administrator

SUBJECT: MFP Work Session – 2009 Second Quarter Cable & PEG Network

The following issues are included for discussion at the MFP Work Session:

- Quarterly Cable Report
 - Score Card (Page 1 and attached at Page 7)
 - Cable Complaint Handling Process (Page 2)
 - Cable Construction Inspections (Pages 2-3)
 - Comcast Digital Migration & Encryption (Page 3)
- PEG Network
 - Consultant Study Update (Page 4)
 - PEG Network Collaboration (Pages 4-5)
 - PEG News Reports (Pages 5-6)

I. Quarterly Cable Report

A. Cable Customer Service Score Card (Attached)

The Cable Customer Service Score Card is a new 2009 reporting tool. Customer service data from cable service providers is reported to the County 30 days after the end of the quarter. Therefore, data through June 30, 2009, Second Quarter, is being reported for cable operators, and data through September 30, 2009, Third Quarter, will be reported to MFP after October 30, 2009. Internal Cable Office data, however, is available through Third Quarter and is reported herein.

In general, all cable operators are meeting the Federal Communications Commission cable customer service standards. Customer satisfaction with complaint outcomes generally continues to improve. There were very few Verizon customer complaints in the Third Quarter. Therefore, very few customer satisfaction surveys were sent for Verizon in the Third Quarter and thus the relatively small number of responses has likely skewed the results.

B. Cable Complaint Handling Process

The following procedures are used to handle cable complaints.

Type of Complaint	Complaint Handling Process	Non-Compliance Process
BILLING	<p>Receive all information and documents related to the complaint issue.</p> <p>Notify the cable operator and provide supporting documentation.</p> <p>The cable operator contacts the complainant to resolve the complaint.</p> <p>In the event the cable operator does not resolve the complaint, the Cable Office gathers information from the cable provider and reviews both sides of the issue.</p>	<p>In most cases, federal and local franchise regulations do not provide sufficient remedies to address non-compliance.</p> <p>The Cable Compliance Commission (CCC) adds an additional step to assist in resolution, and a hearing may be requested by the complainant. However, due to lack of members, the CCC does not have a quorum to meet.</p>
CONSTRUCTION	<p>Once the information is received, the Cable Office notifies the cable operator.</p> <p>Cable inspectors will visit the property and photograph the construction site.</p> <p>The Cable Office will contact the cable provider to ensure proper restoration.</p> <p>The right-of-way set back and public utility easements are explained to the home owner.</p>	<p>Very few mechanisms are in place to penalize cable operators for failure to comply with applicable construction codes or perform property restoration.</p> <p>Permitting Services has authority to issue stop work orders for significant violations.</p>
TECHNICAL SERVICE	<p>Cable Office contacts the cable operator who dispatches senior level technicians to address technical issues related to subscriber service. Many technicians are dispatched the same day, but certainly within 24 hours. If the service cannot be corrected on the initial visit, the cable operator will trace the problem outside the residence.</p>	<p>Cable Office will continue to work with cable operator to resolve complaint.</p> <p>Significant cable outages may result in refunds.</p>

C. Cable Construction Inspections

Beginning in FY10, the Cable Office brought the oversight of cable inspectors in-house to increase responsiveness to County residents and to reduce costs.

- **Inspection of Construction Work in Rights-of-Way.** Inspectors determine compliance with applicable construction and safety codes. Restoration work is also inspected to verify that the work areas, especially in residential neighborhoods along rights-of-way and/or in public utility easements, are properly restored.
- **Inspection of Cable Installation.** Inspectors ensure that installation of service connections to residents' homes meet current safety, permitting, and construction standards, especially grounding. Inspectors are also dispatched to address resident complaints about the placement of cables, investigate claims of property damage, or other problems that may unnecessarily disrupt the community. Other construction issues, such as temporary cables, aerial cables along roadways, and exposed underground cables are inspected.

For FY10, the overall engineering and inspection budget was reduced by more than 28%, while the growth of 4G wireless broadband has increased antenna application costs by 150%. Additional FY10 savings must be achieved and spending reductions for FY11 may be necessary. To address these issues:

- The inspection staff has been reduced by 30%. The Cable Office inspectors are focusing their efforts on the prevention of problems during construction and to investigate consumer complaints.
- The inspection reports formerly performed by engineering consultants have been eliminated or replaced with information prepared by Cable Office staff.
- Construction violations are forwarded weekly by Cable Office staff to the cable operators for their action.

The Cable Office is continuing to research cost saving strategies for the inspection program, while maintaining the safety of the residents of Montgomery County.

In the Second and Third Quarters, the Cable Office has seen an increase in the number of Verizon construction complaints. A large number of these complaints were created by the failure of Verizon's subcontractor to properly mark existing utility lines. Comcast is continuing to correct outstanding construction violations.

D. Comcast Digital Migration and Encryption

Beginning on or around November 30, Comcast will begin delivering the majority of the channels in a digitally encrypted format. Most local broadcast and public, education, and government access channels will be available as analog or digital channels and can be seen on digital or analog televisions without a converter box. All other channels, such as CNN, MSNBC, Fox News, ESPN, History, and Discovery, will no longer be transmitted in an analog format and will require either a digital converter box or a digital adapter on each television, including digital televisions with QAM (quadrature amplitude modulation) tuners, to receive the channels. Comcast has been using multiple forms of advertising to notify their customers of the impending change.

Both RCN and Verizon have converted their systems to all digital over the past year. Broadcast and PEG channels can be seen on a digital television with a QAM tuner without a converter box, but all other channels require a converter box to be received.

II. PEG Network

Montgomery Community Television, Inc. (MCT) has announced the selection of a new Executive Director, Merlyn Reineke. Mr. Reineke is a graduate of the University of Southern California, School of Broadcasting and has production and management experience working for KCAL, Wingspan Air and Space Channel, and PBS. Mr. Reineke's start date will be October 14, 2009.

A. Consultant Studies – Status Update

The County selected CBG Communications, Inc., to perform a study of future digital equipment needs at public, educational, and governmental access (PEG) facilities and a management study to review the relationship between the County and PEG access facilities. The County aimed to execute the CBG contract in March 2009, but procurement requirements delayed contract finalization until July 2009.

During the summer months, CBG completed initial interviews and equipment surveys at the eight PEG access facilities in Montgomery County and the two University of Maryland facilities in Prince George's County. Two day-long workshops were held for the nine PEG programming entities, but the University of Maryland was not able to send a representative to either workshop. Follow-up meetings regarding digital equipment are in progress.

CBG provided an initial draft of the digital equipment study. However, the difficulties of separating the digital equipment from the management study have become apparent. Collaboration between production entities, potential creation of shared facility space, the necessity to maintain individual on-site production space, and distinct missions will affect the digital equipment needs of all PEG Network members. Therefore, the Cable Office has asked CBG to reconceptualize the two studies into a single three-part study addressing PEG Network management, collaboration (including shared equipment and facilities), and individual digital equipment needs. A final report is anticipated by early spring 2010. This revised date will also provide the new MCT executive director an opportunity to meaningfully participate in the study.

B. PEG Collaboration

As with other government agencies, the PEG Network entities have been challenged to do more with less. As local news coverage, both print and television, shrinks, and as more agencies and non-profits lose public information staff and resources, the PEG Network entities working collaborative to address this void by providing more content with fewer resources.

PEG Network entities have been coordinating production support to enable cost-effective coverage of:

- Rockville as Maryland Capital for a Day, including live coverage of Governor O'Malley's cabinet meeting with local elected officials.
- Montgomery County 61st Agricultural Fair, including five daily County Reports programs, Council-In-Brief coverage of the fair luncheon, parade coverage, and a Fair special focused on staff and youth participation.
- Hispanic Heritage Day event coverage
- H1N1 Virus special with information from state, local government and Montgomery College officials.

In addition, many members of the PEG Network volunteered at the Agricultural Fair to provide promotional information about the County's many PEG channels to fair attendees and taped coverage of exciting events to use in promotional spots for next year's fair.

PEG Network entities have also collaborated to launch a joint FaceBook page and provide links back to individual websites and FaceBook pages.

C. PEG News Reports

At the request of the MFP, the PEG Network has been investigating the technical and financial ability of the PEG Network to collaboratively provide more coverage of local news. Conceptually, news programming would be produced by new additional staff and supplemented by contributions from current PEG entities. The news program could then be transmitted over multiple channels throughout the day or evening.

At the present time, there is not enough news coverage produced by each PEG entity to fill a daily news program. News production costs are significantly higher than production costs for studio shows or meeting coverage. If additional staff and resources are not allocated for news production, a significant portion of original programming would have to be eliminated to produce a daily news program. Alternatively, on a pilot basis, additional funding could be provided to CCM, MCPS iTV, or MCT to expand existing weekly and bi-weekly news reports. The relevant factors include:

- **FiberNet Connections and Shared Servers.** A reliable IP connection and viable means of storing and sharing large video files is needed to facilitate multiple submissions to a joint program. The PEG Network production entities are in the process of completing FiberNet end equipment installation to permit all PEG Network signals to be sent to the County Technical Operations Center. The County is working to install a shared server for PIO and the County Council to enable CCM to access files from both the EOB and COB. No work is yet underway to install a shared server for the PEG Network, although the PEG Network has begun using YouSendIt.com and Box.Net to share video and document files.
- **Compatible Equipment.** To create a consistent and appealing look for the program would likely require use of the same format cameras among several different PEG entities. While this concept is part of the digital PEG study, it is also true that it may be more cost-effective for many entities to add equipment that is compatible with their existing equipment, rather than having to replace a lot of equipment to achieve compatibility across PEG entities. Purchasing new compatible equipment would increase equipment and engineering costs.

- **Unique Missions and Staff Accountability.** The ability of each PEG entity to participate in a joint news production varies based on its current operation. Each PEG entity has a unique identity. Some are focused on providing news and event coverage, some have a stronger focus on community affairs studio programs, others provide coverage of on-site meetings or training, and others have a broader state focus. Thus, current programming may or may not be adaptable into a daily news program. In addition, each entity is subject to the demands of its parent organization and staff are accountable to separate organizations. Therefore, creating a separate news production staff may be necessary to ensure that the production needs of a daily program are given sufficient priority.

Based on preliminary information, the PEG Network estimates that *in addition to equipment costs*, the annual staffing costs for a daily news program could be as following:

- \$1.5 to \$2 million for 20 new additional production staff to create five 30 minute news programs per week.
- \$400,000 to \$600,000 for 5 new additional production staff to create one 30 minute news programs per week.
- \$150,000 to \$300,000 to expand CCM, MCPS iTV, MCT news reports to longer weekly formats.

These estimates rely on continued use of existing staff and production resources to produce segments from other PEG entities to supplement the news coverage. These estimates do not include live remotes unless there is an existing FiberNet connection. Without a FiberNet connection, additional microwave and/or satellite transmission equipment would be necessary and would dramatically increase production costs. By way of comparison, informal research by MCT indicated that most of the local broadcast channels have newsroom budgets that are larger than the entire budget for most PEG channels.

The Cable Office is continuing discussions with the PEG Network and other entities to discover other low-cost supplemental programming options and to facilitate additional production collaboration to expand coverage of local events among Montgomery County and Participating Municipalities.

2009 - Second Quarter Montgomery County, MD*

Montgomery County Cable Operator Customer Service Score Card																
FCC Compliance Statistics																
	Telephone Answering								Service				Installation			
	Answered in 30 Seconds				Transferred to Agent in 30 Secs				Service within 24 Hours				Installed within 7 Days			
	Minimum FCC Standard 90%								Minimum FCC Standard 95%				Minimum FCC Standard 95%			
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
COMCAST	99.00%	96.50%			93.00%	94.67%			98.02%	98.80%			97.43%	97.36%		
RCN	99.33%	100.00%			90.67%	91.87%			100.00%	95.00%			100.00%	100.00%		
VERIZON	100.00%	100.00%			96.50%	96.93%			100.00%	100.00%			92.70%	99.39%		

Customer Service Outcomes																
Of Customer Complaints Reported by the Provider to Have Been Resolved																
	Percentage That Agree Complaint Was Resolved				Percentage That Agree Complaint was Resolved in a Reasonable Period of Time				Percentage Satisfied with Outcome of Complaint				Percentage Satisfied with Cable Office Assistance to Resolve Complaint			
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
COMCAST	73.2%	87.5%	86.2%		53.6%	70.0%	72.4%		76.8%	85.0%	89.7%		96.4%	100.0%	96.6%	
RCN	60.0%	77.8%	75.0%		40.0%	55.6%	62.5%		60.0%	77.8%	87.5%		100.0%	88.9%	100.0%	
VERIZON	67.7%	75.0%	25.0%		54.8%	50.0%	50.0%		71.0%	83.3%	50.0%		96.8%	91.7%	100.0%	

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Toregas, Dr. Costis

From: D'Ovidio, Lou
Sent: Tuesday, October 06, 2009 9:26 AM
To: Toregas, Dr. Costis
Subject: FW: Comcast Cable Franchise

Costis

FYI

Lou D'Ovidio
Office of Councilmember Roger Berliner
240 777-7962
lou.d'ovidio@montgomerycountymd.gov

-----Original Message-----

From: gdm27 [mailto:gdm27@comcast.net]
Sent: Monday, October 05, 2009 10:25 PM
To: D'Ovidio, Lou
Subject: Comcast Cable Franchise

Mr. D'Ovidio,

Thanks for speaking with me this morning about Comcast's billing practices. Below you will find a copy of my email (with attachment) to Alan Bowser of Councilmember Trachtenberg's office. Please feel free to share my concerns with the County's Cable Advisory Board.

Regards,

Gary Michaels
11922 Coldstream Drive
Potomac, Maryland 20854
(301) 299-7838

gdm27@comcast.net

From: gdm27 [mailto:gdm27@comcast.net]
Sent: Monday, October 05, 2009 8:57 AM
To: alan.bowser@montgomerycountymd.gov
Subject: Comcast Cable Franchise

Mr. Bowser,

Thank you for taking the time to speak to me last week. I have provided my address, home telephone, and home email address below.

While I have the typical array of complaints about the quality of Comcast's service, including the frequency of outages and degraded signals, long wait times on the phone, unreliability of telephone assistants, and

10/9/2009

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unskilled repair technicians, these were not what prompted my telephone call. I have filed two complaints against Comcast with the County Office of Cable regarding its billing practices. My complaints highlight unfair, deceptive, and discriminatory practices which affect hundreds, if not thousands, of Montgomery County subscribers. I would like to see these practices stopped, not just for my own benefit, but in the best interests of the general public.

1. As part of Comcast's effort to switch many of its basic service channels from analog to digital signals, the company is offering to provide subscribers who already have a digital box with up to two free digital adapters that they can attach to the other TV sets in their house that are just plugged into a wall outlet. However, for customers that do not currently have a digital box, Comcast will provide a free digital box and two free digital adapters. This is not a promotional rate. Comcast states clearly on its Web site that customers without digital boxes can have a free standard (without DVR or high definition) digital box without any monthly charges ever (copy attached). Meanwhile, Comcast customers like me who have been paying \$3.40 per month for the standard digital box will continue to pay for the box in perpetuity. I assume the same is true for the remote that controls the box. This is effectively establishing two rate structures on a permanent basis. Comcast has a filed a rate schedule with the federal and county government, but it appears the schedule applies only to some customers. That defeats the purpose of having a published rate schedule, and it is an unfair and deceptive practice. Even if the County cannot regulate Comcast's rates, surely it has the authority to stop an unfair and deceptive practice.

2. I subscribe to "Digital Preferred" service with one premium channel and high-speed internet "Performance" service. Once my promotional rate period was over, Comcast's billing should have reverted to the published rates shown on the November 2008 rate schedule. That schedule includes rates for bundles of services that are not promotional rates and thus should be provided to all customers. At that time, they should have started billing me the standard bundled rate, which would have been \$131.20 per month, but instead they have been charging me ala carte at \$132.15 per month (\$89.20 + \$42.95). That is not a huge discrepancy, but over several years and thousands of customers, the practice would yield Comcast significant additional revenue. The bundled rates included on Comcast's schedules should have been applied to my account automatically. Comcast representatives have told me that their computers are programmed to bill at the unbundled rates automatically, placing the burden on the customer to know about and request the bundled rate. Customers, however, would have no way of knowing to ask for the bundled rate, because Comcast does not publish its rates where customers can find them. As I have discussed with Keith Watkins, Comcast's Web page providing its rate schedule for Montgomery County is unlinked to any other Comcast page and provides only the rates from October 2005 through December 2006. See http://mywebpages.comcast.net/comcast_mo_co/Index.html/Products-1.htm At your suggestion, I did briefly review the Comcast Franchise Agreement and I see what you meant by the lack of a strong enforcement mechanism outside of certain matters such as telephone response time and rebates for outages. Still, it is difficult for me to believe that the County's relationship and dealings with Comcast are limited strictly to the terms of that agreement. As an entity doing business in the County, is Comcast not bound to follow all of the other local and state laws governing business concerns? Just as it is bound to follow state laws pertaining to such things as the environment, workman's compensation, vehicle registration, isn't Comcast subject to the state laws pertaining to unfair and deceptive trade practices? It might be useful to review the State statute and County regulations governing cable franchises to see if they contain any language indicating that either they or the franchise agreement are the sole sources of authority for any interaction between the franchisee and the County. Do these laws or the franchise agreement preempt any other regulatory action by other state or local government administrative agencies?

Gary Michaels
11922 Coldstream Drive
Potomac, Maryland 20854
(301) 299-7838

gdm27@comcast.net

FY10 CABLE COMMUNICATIONS PLAN (\$000's)

	Actual FY08	Approved FY09	Estimated FY09	Approved FY10	% Chg From '09 Plan	FY11	FY12	FY13	FY14	FY15
	3,345	2,502	3,949	2,069	-17.3%	462	318	42	65	18
REVENUES										
5% Franchise Fee	10,664	10,584	10,955	11,280	6.6%	11,618	11,967	12,326	12,696	13,077
G'Burg PEG Contribution	200	201	182	187	-7.0%	193	198	204	210	217
PEG Support	1,938	2,811	2,020	2,080	-26.0%	2,142	2,207	2,273	2,341	2,411
PEG Capital/Equipment	1,370	255	1,932	1,990	680.4%	2,050	2,111	2,175	2,240	2,307
Verizon-Grant	200	200	200	200	0.0%	200	0	0	0	0
FiberNet Support	1,524	1,568	1,589	1,637	4.4%	1,686	1,737	1,789	1,842	1,898
Interest Earned	149	80	40	30	-62.5%	50	80	90	100	110
Tower Review Fees	94	50	120	80	0.0%	82	85	87	90	93
Miscellaneous	64	0	4	0	0.0%	0	0	0	0	0
Transfer from the General Fund	432	0	0	0	0.0%	0	0	0	0	0
TOTAL ANNUAL REVENUES	16,635	15,779	17,042	17,484	10.8%	18,022	18,385	18,944	19,520	20,112
TOTAL RESOURCES - CABLE FUND	19,980	18,281	20,991	19,553	7.0%	18,484	18,703	18,965	19,583	20,100
EXPENDITURES										
A. FRANCHISE ADMINISTRATION										
Personnel Costs - Cable Administration	575	683	683	705	3.2%	749	763	761	818	833
Personnel Costs - Charges from DTS	52	59	59	69	16.9%	69	70	72	73	75
Personnel Costs - Charges for County Atty	73	97	97	95	-2.1%	95	97	99	101	103
Operating	96	73	73	73	0.0%	73	75	77	80	82
Outside Engineering/Inspection Svcs.	512	720	720	500	-30.6%	721	743	745	788	811
Other Legal and Other Professional Svcs.	295	405	405	310	-23.5%	381	393	404	416	429
SUBTOTAL	1,603	2,037	2,037	1,752	-14.0%	2,088	2,141	2,159	2,276	2,333
B. MUNICIPAL EQUIPMENT & OPERATIONS										
Municipal Franchise Fee Sharing										
Revenues to Municipalities	716	762	789	812	6.6%	837	862	887	914	942
SUBTOTAL	716	762	789	812	6.6%	837	862	887	914	942
Municipal Capital Support (a)										
Rockville Equipment	55	98	265	276	181.6%	284	293	302	311	320
Takoma Park Equipment	185	98	265	276	181.6%	284	293	302	311	320
Municipal League Equipment	185	98	265	276	181.6%	284	293	302	311	320
SUBTOTAL	425	294	795	828	181.6%	853	878	905	932	960
Municipal Operating Support (a)										
Rockville PEG Support	65	67	67	70	4.5%	72	74	76	79	81
Takoma Park PEG Support	65	67	67	70	4.5%	72	74	76	79	81
Muni. League PEG Support	65	67	67	70	4.5%	72	74	76	79	81
SUBTOTAL	195	201	201	211	5.0%	216	223	229	236	243
SUBTOTAL	1,336	1,257	1,785	1,851	47.3%	1,906	1,963	2,022	2,082	2,145
C. COUNTY CABLE MONTGOMERY										
Administration										
Personnel Costs	325	397	397	533	34.3%	560	560	560	560	560
Operating	46	31	31	25	-19.4%	26	27	27	28	29
Technical Operations Center (TOC)	22	23	23	23	0.0%	24	24	25	26	27
Closed Captioning	348	319	319	291	-8.8%	329	338	349	359	370
VOD, Community BB, Web Services	40	48	48	48	0.0%	49	51	52	54	56
SUBTOTAL	781	818	818	920	12.5%	987	1,000	1,013	1,027	1,041
Public Information Office										
Personnel Costs	290	349	349	560	60.5%	593	604	617	629	641
Operating Expenses	17	12	12	12	0.0%	12	13	13	14	14
Contracts - TV Production	315	359	359	273	-24.0%	210	216	216	216	216
SUBTOTAL	622	720	720	845	17.4%	815	834	846	859	872
County Council										
Personnel Costs	42	57	57	74	29.8%	65	67	68	69	71
Operating Expenses	53	48	48	28	-41.7%	29	30	31	32	32
Contracts - TV Production	537	516	516	516	0.0%	531	547	547	547	547
SUBTOTAL	632	621	621	618	-0.5%	626	644	646	648	651
MNCPPC										
Personnel Costs	81	101	101	101	0.0%	103	105	107	109	112
Operating Expenses	101	21	21	21	0.0%	22	22	23	24	24
Contracts - TV Production	108	124	124	117	-5.6%	128	132	132	132	132
Webcasting	0	117	117	47	-59.8%	48	50	51	53	54
SUBTOTAL	290	363	363	286	-21.2%	301	309	313	317	322
SUBTOTAL	2,325	2,522	2,522	2,669	5.8%	2,729	2,786	2,819	2,852	2,885
D. MONTGOMERY COLLEGE										
Personnel Costs	1,000	1,103	1,103	1,141	3.4%	1,334	1,468	1,615	1,615	1,615
Operating Expenses	219	219	219	179	-18.1%	247	255	262	270	278
SUBTOTAL	1,219	1,322	1,322	1,320	-0.2%	1,582	1,722	1,877	1,885	1,893
E. PUBLIC SCHOOLS										
Personnel Costs	1,234	1,339	1,339	1,385	3.4%	1,416	1,448	1,481	1,514	1,514
Operating Expenses	287	244	244	197	-19.5%	282	282	282	282	282
SUBTOTAL	1,521	1,583	1,583	1,582	-0.1%	1,698	1,730	1,763	1,796	1,796

FY10 CABLE COMMUNICATIONS PLAN (\$000's)

	Actual FY08	Approved FY09	Estimated FY09	Approved FY10	% Chg From '09 Plan	FY11	FY12	FY13	FY14	FY15
F. COMMUNITY ACCESS ORGANIZATIONS (b)										
Personnel Costs	1,779	1,871	1,871	1,871	0.0%	2,077	2,160	2,146	2,336	2,429
Operating Expenses	755	781	781	691	-11.5%	856	890	890	926	925
SUBTOTAL	2,534	2,652	2,652	2,562	-3.4%	2,933	3,050	3,036	3,261	3,355
G. PEG NETWORK										
PEG Equipment Replacement	893	900	900	940	4.4%	900	1,036	1,028	1,159	1,216
Emergency Equipment Reserve	0	80	80	80	0.0%	84	88	93	97	102
PEG Network Mobile Production Vehicle	54	82	82	32	-61.0%	34	35	37	39	41
PEG Network Operating	198	275	275	215	-21.8%	236	248	260	273	287
SUBTOTAL	1,145	1,337	1,337	1,267	-5.2%	1,341	1,408	1,418	1,568	1,646
H. INSTITUTIONAL TELECOMMUNICATIONS										
FiberNet Support (DTS)	1,033	1,232	1,232	1,190	-3.4%	1,708	1,757	1,809	1,820	1,875
FiberNet Support (DPWT)	249	244	244	244	0.0%	251	259	267	275	283
FiberNet-CIP	1,735	1,760	1,760	1,041	-40.9%	1,610	1,535	1,460	1,460	1,460
SUBTOTAL	3,017	3,236	3,236	2,475	-23.5%	3,569	3,551	3,536	3,555	3,617
TOTAL EXPENDITURES - PROGRAMS										
	14,700	15,946	16,474	15,477	-2.9%	17,845	18,351	18,628	19,275	19,670
I. OTHER										
Indirect Costs Transfer to Gen Fund	202	253	253	302	19.4%	253	253	253	253	303
Indirect Costs Transfer to Gen Fund (ERP & MCTime)	0	27	27	36	34.9%	29	18	0	0	0
Transfer to the General Fund	0	250	250	3,236	1194.3%	0	0	0	0	0
Grants to Organizations (Friendship Hts)	39	39	39	39	0.0%	39	39	39	39	39
Consolidated Multiuse Technology Facility	0	0	0	0	0.0%	0	0	0	0	0
Verizon-Cable Service to Public Buildings	0	0	0	0	0.0%	0	0	0	0	0
COB Renovations - CIP	0	629	629	0	0.0%	0	0	0	0	0
Park & Planning Technology Projects	0	600	600	0	0.0%	0	0	0	0	0
SUBTOTAL	241	1,798	1,798	3,613	101.0%	321	310	292	292	342
TOTAL EXPENDITURES										
	14,941	17,744	18,272	19,091	7.6%	18,166	18,661	18,920	19,567	20,012
J. ADJUSTMENTS										
Prior Year Adjustments	(480)	0	0	0	0.0%	0	0	0	0	0
CIP - Designated Claim on Fund	(610)	0	(650)	0	0.0%	0	0	0	0	0
TOTAL ADJUSTMENTS	(1,090)	0	(650)	0	0.0%	0	0	0	0	0
FUND BALANCE										
	3,949	827	2,069	462	-13.9%	318	42	65	18	118
FUND BALANCE PER POLICY GUIDANCE										
	873	860	889	911		940	971	1,000	1,031	1,062
K. SUMMARY - CABLE FUND										
Total Annual Revenues (incl. transfers from GF)	16,635	15,779	17,042	17,484	10.8%	18,022	18,385	18,944	19,520	20,112
Total Expenditures	(14,941)	(17,744)	(18,272)	(19,091)	7.6%	(18,166)	(18,661)	(18,920)	(19,567)	(20,012)
Annual Fund Surplus/Deficit (Rev - Expend)	1,694	(1,965)	(1,230)	(1,607)	-18.2%	(144)	(277)	24	(47)	100
Transfer to Cable Fund from General Fund	432	0	0	0	0.0%	0	0	0	0	0
Annual Fund S/D Excluding Trans From Gen Fund	1,262	(1,965)	(1,230)	(1,607)	-18.2%	(144)	(277)	24	(47)	100
L. SUMMARY - EXPENDITURES BY FUNDING SOURCE										
¹ Transfer to Gen Fund-Indirect Costs	202	280	280	338	20.9%	282	271	253	253	303
² Transfer to Gen Fund-Mont Coll Cable Fund	1,219	1,322	1,322	1,320	-0.2%	1,582	1,722	1,877	1,885	1,893
³ Transfer to Gen Fund-Public Sch Cable Fund	1,521	1,583	1,583	1,582	-0.1%	1,698	1,730	1,763	1,796	1,796
⁴ Transfer to CIP Fund	1,735	2,389	2,389	1,041	-56.4%	1,610	1,535	1,460	1,460	1,460
⁵ Transfer to the General Fund-Other	0	250	250	3,236	1194.3%	0	0	0	0	0
FUND TRANSFERS OUT SUBTOTAL	4,677	5,824	5,824	7,517	29.1%	5,172	5,258	5,352	5,394	5,452
Net CATV Fund Direct Expenditures	8,928	10,663	10,663	9,723	-8.8%	11,088	11,440	11,546	12,091	12,415
Required Muni. Franchise & PEG Payments	1,336	1,257	1,785	1,851	47.3%	1,906	1,963	2,022	2,082	2,145
CATV FUND DIRECT EXPENDITURES SUBTOTAL	10,264	11,920	12,448	11,574	-2.9%	12,994	13,403	13,568	14,173	14,566
TOTAL EXPENDITURES BY FUNDING SOURCE	14,941	17,744	18,272	19,091	7.6%	18,166	18,661	18,920	19,567	20,012

NOTES:

(a) Municipal franchise fee and PEG capital and operating funding required by franchise, municipal, and settlement agreements and County Code.

(b) Currently Montgomery Community Television, Inc.

*The County is exploring the potential for development of a Multiuse Technology Facility and will include information in future Cable Communications Plans.

These projections for the Cable TV Fund incorporate assumptions of annual resources and resource usage as well as projected end-of-year reserves available based on these assumptions. This scenario assumes that operating expenditures will experience net increases as a trend. Factors contributing to the assumed rate of increase include compensation adjustments, program and productivity improvements, and cost increases driven by inflation. This scenario represents one possible fiscal future based on the incorporated set of expenditure and resource assumptions. Other scenarios would occur if the County Executive and County Council adopted a different program plan or if the future brings different trends than presumed in the incorporated assumptions. The County Executive presents these fiscal projections as a tool for thinking about the future fiscal policy implications of the recommended program of expenditures and resources.

