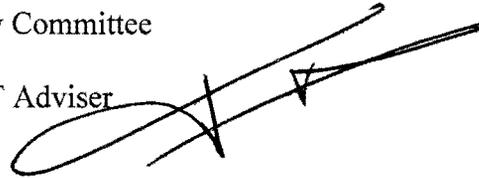


MEMORANDUM

July 8, 2010

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



Expected to attend:

Marjorie L. Williams, Franchise Manager, Office of Cable and Communication Services  
John Cuff, Office of Management and Budget  
Joshua Bokee, Comcast  
Tara Potter, Verizon  
Richard Beville, RCN

Summary of staff recommendations to the MFP Committee:

1. Receive **cable operator** summaries regarding **their activities and new initiatives**, and consider ways that the Committee can make **connections** between these verbal reports and on-going efforts of **interest to the Council**.
2. **Discuss** cable operator performance **concerns** arising from 1<sup>st</sup> Quarter Score Card of 2010.
3. Discuss **drop in "Total Repaired"** violations between second and third quarter of FY10 and request clarification and corrective actions as appropriate from Cable Office.
4. Request **detailed review of complaints by type** (both to Cable Office and to Council offices) for the Fall Quarterly Review and **operator process improvements** and modifications to lessen complaint volume. In addition, consider other corrective processes, including the Cable Complaint Commission processes, in the same session.

## Operator Discussion

The Committee chair has articulated a desire to use the quarterly cable review sessions as a way to encourage dialogue among the Committee, the Cable Communications Office, and Cable operators. To support this goal, the quarterly review **worksessions include an element of information sharing**. During this element of the agenda, stakeholders are asked to present accomplishments, challenges, and concerns for the future. In this way, a better context for the statistical analysis of performance in the Score Card is provided, and opportunities for new partnerships in telecommunications are explored. Examples of such opportunities include Council interest to explore a Public-Private Partnership model for FiberNet, and the role franchise operators might play using other parts of their large telecommunications organizations - a discussion already underway with the Council IT advisor.

## 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 FCC compliance targets are being met. 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. This is the fourth quarterly Score Card being reviewed by the Committee, and is on ©1.

The four statistics currently in use to reflect adherence to FCC standards are:

<b>FCC Compliance Statistic</b>	<b>Minimum Standard</b>	<b>In Compliance for First Quarter of 2010</b>
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 all quarters in which statistics have been reported, except for one shortcoming in the 3<sup>rd</sup> quarter of 2009. Reflecting the current construction stage of their franchise agreement, **Verizon's percentage of installations within 7 days is 95.7%**, just above the 95% mandatory standard imposed by the FCC. By contrast, Comcast's percentage for the same category is 97.6%, and RCN's is 100%. Verizon's own accomplishment in the 4<sup>th</sup> quarter of 2009 was 99.3%, so the reasons for this drop are not clear, nor is the drop consistent with the other trends in the Score Card. The Committee may want to **explore the reasons for this First Quarter drop**.

To complement the FCC standards, the Cable office has wisely included a section reporting on customer service **outcomes** regarding complaint calls received by the County. In the first quarter of 2010, 497 surveys of complainants were received, up from the 351 surveys received in the last quarter of 2009. Certain trends are readily observed from the table of performance statistics provided by the Cable Office on the bottom half of the Score Card on ©1:

- The statistics for **Verizon improved** from 50% to 83% of people agreeing that their complaint was resolved, and 83.3% rather than 60% being satisfied with the outcome of the complaint. It would be useful to know if this improvement is a result of an internal change in Verizon procedures, or simply reflects a statistical vagary of the moment.
- The **Comcast percentages were reversed: a drop in resolution perception** from 85.5% to 75.9%, and from 84.3% to 73.1% as to outcome satisfaction between 4<sup>th</sup> quarter 2009 and 1<sup>st</sup> quarter 2010. Again, it would be useful to know if this decline in performance is a result of an internal change in Comcast procedures, a reduction of funding for customer service, or simply an unusual statistical swing that may be reversed next quarter.
- The **Cable Office** continues to receive **high marks** for satisfaction from customers surveyed who received assistance.
- Averaging the performance of all 3 operators over the entire reporting year, **only 53.1%** of customers surveyed are **satisfied with the timeliness of the resolution** of complaints (a drop from 60.4% last quarter), and **75.4%** are **satisfied with the outcomes** of the complaint (a drop from 79.8% last quarter). These numbers continue to be low, and their decline should be explored further, and procedures developed to help improve it from current levels.

At the same time, calls continue to come into the Council offices complaining of poor customer service and inappropriate billing and other concerns. Responses are coordinated with the Cable Office, but there continues to be a lack of visible systemic change to address them. Finally, the number of complaints that came into the Cable Office were 352, reduced from 389 in the prior reporting period (on ©2, with definitions of the various types of complaints provided on ©3).

Council staff recommends **setting aside time in September** during the Fall Quarterly Review session to probe deeper into systemic issues - be they service, pricing, or customer handling - and review efforts to improve them so complaints are reduced. Complaint reduction is surely of interest, not only to the Committee but to the operators themselves, and there may be Best Practices and joint strategies that can help develop stronger responses to the concerns.

The Score Card does not currently require a minimum standard for performance, nor an indication of which operator has met it. This makes it difficult to evaluate operator performance on a comparative basis. The Committee should continue to ask both the Cable Office and the operators to discuss and agree on such a useful framework.

### **Cable Construction Inspections**

At the request of the Committee, the Cable Office has provided a new process for inspections and compliance verification. The current report is on ©4.

The **number** of inspections has **declined** significantly in the third fiscal quarter, continuing a trend that began in the last reporting period. The **number of outstanding repairs for Comcast and Verizon are both over 40%**, and the Cable Office will be prepared to comment on reasons for this delay and ways to

improve it. However, it should be noted that the new **violation levels** are a **significant improvement** from prior periods.

### **Improving Performance through Enforcement Procedures and Fines**

Performance problems for customer service levels and construction violations can be handled in a variety of ways that encourage subsequent compliance. Amongst the **enforcement mechanisms** available to the County are:

- The cable franchise provisions and the role of prior history during renegotiations for franchise renewal
- Inspector citations and follow up
- Fines
- The Cable Compliance Commission and their role as a place of last resort when the County resident does not feel they have had a fair hearing from the operator nor the Cable Office
- The “bully pulpit” of the Committee, which can bring unwanted attention to laggards in the improvement process

Council staff is preparing a review of the current provisions in the franchises as written and enforced that will be discussed during the Fall Quarterly Review worksession. In addition, the current status and performance targets of the Cable Compliance Commission will be reviewed.

It is important for the Cable Office to: reflect on this partial list of enforcement tools; add to it; and be prepared to develop and implement a management process that will help all parties reach higher levels of performance through stronger enforcement.

# 2010 - First 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%			
	2nd Qtr-09	3rd Qtr-09	4th Qtr-09	1st Qtr-10	2nd Qtr-09	3rd Qtr-09	4th Qtr-09	1st Qtr-10	2nd Qtr-09	3rd Qtr-09	4th Qtr-09	1st Qtr-10	2nd Qtr-09	3rd Qtr-09	4th Qtr-09	1st Qtr-10	
<b>COMCAST</b>	96.5%	99.0%	99.0%	99.0%	94.7%	96.0%	92.7%	97.3%	98.8%	98.6%	98.8%	99.2%	97.4%	95.9%	98.6%	97.6%	
<b>RCN</b>	100.0%	99.0%	99.0%	99.0%	91.9%	88.3%	90.3%	91.3%	95.0%	98.0%	100.0%	95.3%	100.0%	100.0%	100.0%	100.0%	
<b>VERIZON</b>	100.0%	100.0%	100.0%	100.0%	96.9%	97.9%	97.3%	94.9%	100.0%	100.0%	100.0%	100.0%	99.4%	99.5%	99.3%	95.7%	

### Customer Service Outcomes

#### Of Customer Complaints Reported by the Provider to Have Been Resolved

	Cummulative Survey Response Rate	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			
		2nd Qtr-09	3rd Qtr-09	4th Qtr-09	1st Qtr-10	2nd Qtr-09	3rd Qtr-09	4th Qtr-09	1st Qtr-10	2nd Qtr-09	3rd Qtr-09	4th Qtr-09	1st Qtr-10	2nd Qtr-09	3rd Qtr-09	4th Qtr-09	1st Qtr-10
		<b>COMCAST</b>	57%	74.6%	76.7%	85.5%	75.9%	56.3%	54.4%	61.4%	50.0%	74.6%	80.6%	84.3%	73.1%	94.4%	98.1%
	365/637	53/71	79/103	71/83	82/108	40/71	56/103	51/83	54/108	53/71	83/103	70/83	79/108	67/71	101/103	78/83	100/108
<b>RCN</b>	75%	69.2%	69.2%	83.3%	75.0%	38.5%	53.8%	83.3%	50.0%	61.5%	76.9%	83.3%	100.0%	100.0%	92.3%	100.0%	100.0%
	36/48	9/13	9/13	5/6	3/4	5/13	7/13	5/6	2/4	8/13	10/13	5/6	4/4	13/13	12/13	6/6	4/4
<b>VERIZON</b>	66%	68.8%	65.4%	50.0%	83.3%	59.4%	65.4%	40.0%	72.2%	71.9%	80.8%	60.0%	83.3%	96.9%	96.2%	100.0%	100.0%
	96/146	22/32	17/26	10/20	15/18	19/32	17/26	8/20	13/18	23/32	21/26	12/20	15/18	31/32	25/26	20/20	18/18
<b>TOTAL</b>	60%	72.4%	73.9%	78.9%	76.9%	55.2%	56.3%	60.4%	53.1%	72.4%	80.3%	79.8%	75.4%	95.7%	97.2%	95.4%	92.3%
	497/831	84/116	105/142	86/109	100/130	64/116	80/142	64/109	69/130	84/116	114/142	87/109	98/130	111/116	138/142	104/109	122/130

## Complaint Description Breakdown *Timeframe: 1st QTR 2010*

<i>Comcast</i> <i>Complaints</i>	<i>Billing</i>	<i>Service</i>	<i>VoIP</i> <i>Service</i>	<i>Internet</i> <i>Service</i>	<i>Telephone</i> <i>Answ Time</i>	<i>Reception</i>	<i>Construction</i>	<i>Marketing</i>	<i>Install</i>	<i>Service-</i> <i>ability</i>	<i>Cable Line</i> <i>Related</i>	<i>Other</i>	
<b>290</b>	<b>99</b>	<b>59</b>	<b>21</b>	<b>53</b>	<b>8</b>	<b>89</b>	<b>23</b>	<b>19</b>	<b>15</b>	<b>2</b>	<b>16</b>	<b>19</b>	
<i>Complaint</i> <i>Percentage</i>	34.1%	20.3%	7.2%	18.3%	2.8%	30.7%	7.9%	6.6%	5.2%	0.7%	5.5%	6.6%	
<i>Total Issue</i> <i>Percentage</i>	23.4%	13.9%	5.0%	12.5%	1.9%	21.0%	5.4%	4.5%	3.5%	0.5%	3.8%	4.5%	
<i>Total Issues Generated</i>							<b>423</b>	<i>Total Issues per Complaint</i>					<b>1.5</b>

<i>RCN</i> <i>Complaints</i>	<i>Billing</i>	<i>Service</i>	<i>Telephone</i> <i>Service</i>	<i>Internet</i> <i>Service</i>	<i>Telephone</i> <i>Answ Time</i>	<i>Reception</i>	<i>Construction</i>	<i>Marketing</i>	<i>Install</i>	<i>Service-</i> <i>ability</i>	<i>Cable Line</i> <i>Related</i>	<i>Other</i>	
<b>7</b>	<b>5</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<i>Complaint</i> <i>Percentage</i>	71.4%	0.0%	28.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
<i>Issue</i> <i>Percentage</i>	71.4%	0.0%	28.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
<i>Total Issues Generated</i>							<b>7</b>	<i>Total Issues per Complaint</i>					<b>1.0</b>

<i>Verizon</i> <i>Complaints</i>	<i>Billing</i>	<i>Service</i>	<i>Internet</i> <i>Service</i>	<i>Telephone</i> <i>Answ Time</i>	<i>Reception</i>	<i>Construction</i>	<i>Marketing</i>	<i>Install</i>	<i>Service-</i> <i>ability</i>	<i>Cable Line</i> <i>Related</i>	<i>Other</i>		
<b>55</b>	<b>18</b>	<b>3</b>	<b>5</b>	<b>2</b>	<b>6</b>	<b>16</b>	<b>4</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>3</b>		
<i>Complaint</i> <i>Percentage</i>	32.7%	5.5%	9.1%	3.6%	10.9%	29.1%	7.3%	5.5%	0.0%	1.8%	5.5%		
<i>Issue</i> <i>Percentage</i>	29.5%	4.9%	8.2%	3.3%	9.8%	26.2%	6.6%	4.9%	0.0%	1.6%	4.9%		
<i>Total Issues Generated</i>							<b>61</b>	<i>Total Issues per Complaint</i>					<b>1.1</b>

**Billing**

Any complaint pertaining to a subscribers billing statement. This includes, but not limited to, billing and credit errors, pay-per-view issues, equipment disputes, promotional offers not applied, refunds due former subscribers after their cable disconnection and payments not posted to a subscribers account.

**Cable Line Related**

Any complaint that involves an underground cable drop line or temporary cable line that needs to be buried. Any low hanging overhead cable that needs to be lifted.

**Construction**

Any complaint pertaining to outside construction issues. This includes, but not limited to, construction issues that present a public safety hazard. Temporary drops and hard line that are not corrected. Low hanging drops and hard line that crosses streets and property. No notification to residents of scheduled maintenance work. Improper or no restoration performed after the completion of construction. Damaged trees, shrubs, lawns, sprinkler systems, electric dog fences, driveways or property from cable construction. Missing pedestal top, exposed unburied cable lines.

**Installation**

Any complaint resulting from inside installation issues. Improper or careless wiring, damage to property, the incompleteness of the installation.

**Internet Connectivity**

Any complaint pertaining to cable modem issues. This includes, but not limited to, connectivity problems with the Internet service, email problems, the inability to maintain continuous reliable service.

**Marketing**

Any complaint pertaining to the marketing of cable service. Any promotion for service that was offered but not delivered or not reflected on the billing statement. The delivery of cable services that was advertised inaccurately.

**Other**

Any complaint that does not apply in or to a specific category. Generally these complaints can be resolved administratively by correcting a input error in the computer system.

**Reception**

Any complaint pertaining to reception issues. This includes, but not limited to, poor picture quality, no picture/no sound, and lack of reception on one or more channels.

**Service**

Any complaint pertaining to repeat service calls regarding a continued unresolved cable issue. This includes, but not limited to, changes, cancelled, broken or other reasons that the technician fails to arrive within the appointed scheduled timeframe. Service calls when a line technician should be dispatched to correct an outside problem but a service technician that is only trained to handle problems inside the house arrives and reaffirms that a line technician is needed.

**Serviceability**

Any complaint pertaining to the inability to receive an answer regarding the ability to deliver cable service to a specific address.

**Telephone Answering Time**

Any complaint pertaining to telephone answering time issues. This includes, but not limited to, excessive delays in phone answering times. Excessive on-hold times when being transferred. Excessive on-hold times to reach technical support.

	COMCAST INSPECTIONS AND VIOLATIONS							
	FY10							
	First Quarter		Second Quarter		Third Quarter		TOTAL	
	#	%	#	%	#	%	#	%
Total Sites Inspected	2,799	NA	843	NA	741	NA	4,383	NA
Total Construction Violations	236	8%	151	18%	110	15%	497	11%
Total In-field Violations	710	25%	566	67%	158	21%	1,434	33%
TOTAL Violations	946	34%	717	85%	268	36%	1,931	44%
Total Repaired	814	86%	565	79%	152	57%	1,531	79%
Repairs Outstanding	132	14%	152	21%	116	43%	400	21%
Re-Inspections	0	0%	0	0%	25	16%	25	2%
% Found Corrected	NR	NA	0	NA	24	96%	24	96%

	RCN INSPECTIONS AND VIOLATIONS							
	FY10							
	First Quarter		Second Quarter		Third Quarter		TOTAL	
	#	%	#	%	#	%	#	%
Total Sites Inspected	23	NA	6	NA	48	NA	77	NA
Total Construction Violations	0	0%	0	0%	0	0%	0	0%
Total In-field Violations	22	96%	5	83%	29	60%	56	73%
TOTAL Violations	22	96%	5	83%	29	60%	56	73%
Total Repaired	22	100%	5	100%	28	97%	55	98%
Repairs Outstanding	0	0%	0	0%	1	3%	1	2%
Re-Inspections	0	0%	0	0%	25	89%	25	45%
% Found Corrected	NR	NA	NR	NA	23	92.0%	23	92%

	VERIZON INSPECTIONS AND VIOLATIONS							
	FY10							
	First Quarter		Second Quarter		Third Quarter		TOTAL	
	#	%	#	%	#	%	#	%
Total Sites Inspected	3,294	NA	2,339	NA	909	NA	6,542	NA
Total Construction Violations	908	28%	664	28%	87	10%	1,659	25%
Total In-field Violations	112	3%	118	5%	42	5%	272	4%
TOTAL Violations	1,020	31%	782	33%	129	14%	1,931	30%
Total Repaired	887	87%	565	72%	63	49%	1,515	78%
Repairs Outstanding	133	13%	217	28%	66	51%	416	22%
Re-Inspections	0	0%	0	0%	11	17%	11	4%
% Found Corrected	NR	NA	NR	NA	9	81.8%	9	82%