

**Report to the
Clark County Board of Commissioners
And
Vancouver City Council
From the
City/County Telecommunications Commission**

**PROGRESS REPORT ON THE COMCAST CORPORATION VANCOUVER/CLARK
COUNTY FRANCHISE AGREEMENT**

April 2006

I. INTRODUCTION - BACKGROUND

This is the Twenty-Fourth Annual Report by the Vancouver/Clark County Telecommunications Commission ("Commission") reviewing the status of the franchise agreement with the cable television operator, TCI of Southern Washington ("TCI"), doing business as Comcast Corporation ("Comcast"). This is the ninth Annual Report since a 10-year franchise agreement with TCI, now Comcast, was adopted in November 1997. In June 2002, the City of Vancouver ("City") and Clark County ("County") extended the franchise agreements with Comcast an additional 5-years, through December 31, 2012.

The 2005 Annual Report is consistent with the format for the previous evaluations of the cable operator's performance (1981-1986 Cox Cable; June 1986-1995 Columbia Cable; December 1995-1998 TCI; 1999-February 2003 AT&T Broadband; and now Comcast Corporation). The Commission's review focuses on the calendar year 2005 although, as appropriate, more recent developments and issues are noted.

The current franchise agreement with Comcast is now in its ninth year. The Commission recognizes the importance of conducting annual reviews, a franchise requirement, especially in light of changes in the marketplace, rapid population growth in the Vancouver and Clark County area and the requirements of the Federal Cable Act to give an operator the opportunity to correct any franchise violations. The Commission understands that as a citizen advisory board it is responsible for the efficient and effective management and enforcement of the franchise. In addition, one of the most effective roles of the Commission through the years has been to inform the various providers – from the cable operator, to PEG access providers, to elected officials – about the needs and issues of interest to the community.

As noted in this report, Comcast's performance during the past year has met all of the conditions of the City and County franchises, except for telephone response times during the third quarter of 2005. Comcast was in violation of the customer telephone response standards from July 1 through September 30, 2005. The company quickly responded to

the issue and met the telephone response standards in the fourth quarter, October 1 through December 31, 2005, and continues to do so. The number of customer complaints regarding Comcast's service, including but not limited to the company's high-speed Internet service, dropped by nearly 40% during 2005. This follows a 50% reduction in customer complaints during 2004. Review of the cable operator's overall performance as well as a status report regarding Commission activities are contained in this review.

II. PURPOSE/GOALS

As set forth in the current franchise agreement with Comcast, Section 4.6, the Annual Review is intended to review the cable operator's performance as well as compliance with the terms and conditions of the franchise and compliance with state and federal laws and regulations during the previous year. Evaluation of past performance by the cable operator(s) is of critical importance under federal law as the franchising authorities look to the future. In addition, the Annual Review outlines the efforts and focus of the Commission during the previous year and priorities for the current year.

III. METHODOLOGY

Comcast's performance was evaluated by reviewing the following information pertaining to performance and related cable service information:

- A. Correspondence, phone calls, electronic mail and inquiries received by the City/County Cable Television Office ("Cable TV Office") and correspondence and phone calls;
- B. Minutes and video records of Commission meetings;
- C. Formal exchange of correspondence between Comcast and the Cable TV Office;
- D. Press reports and the experience of other communities, especially in the Portland/Vancouver area, regarding the delivery of cable television services; and
- E. Call-in comments and testimony received from the public during regularly-scheduled Commission meetings where public testimony on Comcast's performance was solicited, the most recent being March 1, 2006.

Information requested by the Commission from Comcast specifically for the purpose of preparing this report is on file and available for review at the Cable TV Office.

IV. FRAMEWORK FOR EVALUATION

As of November 1997, the framework for evaluation has been and will continue to be governed by Section 4.6 "Performance Evaluation Sessions" of the franchise agreement. Section 4.6 of the agreement provides that evaluation "shall deal with the Grantee's [Comcast's] performance of the terms and conditions of the Franchise and compliance with

state and federal laws and regulations.”

In addition, findings and recommendations criteria presented to the Vancouver City Council and Clark County Board of Commissioners by the Commission in Resolution 1997 – 07, October 8, 1997, in recommending the proposed franchise agreement are also used as a framework for evaluation of Comcast’s performance:

- A. System upgrade to 550 MHz to increase channel capacity to offer new services in a cost effective manner;
- B. Capacity of upgraded system to provide high-speed Internet services;
- C. Proposed institutional network (I-NET) for public agencies and educational users established as a partnership between Comcast and users which minimizes the cost to residential subscribers;
- D. Comcast’s commitment to provide up to \$1/month per subscriber as an addition to the monthly cable bill to support capital needs for Public, Education, and Government (PEG) access to enhance local cable video programming;
- E. Commitment to maintain current programmed PEG channels, with the capacity for up to three additional channels upon completion of the upgrade based on use by the community;
- F. Commitment by Comcast to continue free hookups of basic and expanded basic cable service for City and County buildings and schools and libraries;
- G. Commitment to maintain Washington State and local programming as broad programming categories to be considered in the mix and quality of service;
- H. Commitment to maintain TV Washington (TVW) as part of the PEG access channel allocation;
- I. Commitment by Comcast to maintain a local (Vancouver/Clark County) office;
- J. Commitment by Comcast to substantial performance guarantees;
- K. Commitment by Comcast to address the special and unique qualities of Vancouver/Clark County.

V. HIGHLIGHTS OF 2005 PERFORMANCE REVIEW

The Year Twenty-Four Report chronicles the third full year of service by Comcast as the cable operator. The Commission notes that since AT&T Broadband transitioned to the Comcast name on February 18, 2003, the company has shown a strong commitment to the

community. Examples of Comcast's ongoing commitment include:

- A. Support for and the expansion of the Institutional Network (I-NET) serving the City, County, Evergreen School District, Fort Vancouver Regional Library District and Clark County Fire District 5's NW Regional Training Center;
- B. Continued deployment of high-speed Internet service in Vancouver and Clark County as well as Digital Telephone service. In 2005 Comcast increased its Internet downstream speed for all residential customers from 3 Mbps to 6 Mbps, for no additional cost. Comcast has committed to continue to provide telephony service to Vancouver/Clark County. In addition, Comcast launched "Comcast Digital Voice," a Voice Over Internet Protocol ("VOIP") telephone service in Southwest Washington in 2005;
- C. Deployment of new services for Vancouver/Clark County cable subscribers. In 2003, Comcast began marketing advanced set-top boxes for receipt of High-Definition Television ("HDTV"). In early 2004, Comcast launched Video On Demand ("On Demand") services for digital cable subscribers in Vancouver and Clark County. In late 2004, the company began deploying set-top boxes with digital video recorder ("DVR") services;
- D. Improvement and remodeling of the Comcast Customer Care facility at 6916 N.E. 40th Street. On March 15, 2005, Comcast held a public open house/celebration for the recent completion of a remodeling project for the customer care lobby. Improvements included new paint, carpeting, signage, customer care desks, and interactive displays of high-definition cable programming and Comcast's Internet service. The remodeling/updating of customer care facilities is a national initiative for Comcast Corporation. The Vancouver facility was one of three sites nationally to be remodeled as part of a pilot project. The Vancouver market was selected because of the high customer usage of the site, averaging approximately 350 customer visits per day.
- E. Extensive involvement in the Vancouver/Clark County community including continued sponsorship of the Vancouver National Historic Reserve Trust (Fourth of July Fireworks Spectacular & Star-Spangled Gala), Vancouver Wine and Jazz Festival, Taste of Vancouver, Clark County Fair, Firstenburg Community Center opening ceremony, and other community functions;

During the past twelve months, there have been no major changes in local and regional leadership at Comcast. Curt Henninger, Senior Vice President/General Manager, Beaverton, Oregon, continues to oversee operations in Vancouver and Clark County. Brad Kaplan serves as Vice President of Finance. Deborah M. Luppold serves as Vice President, Government Affairs, West Division, overseeing Washington, Oregon, Idaho, Colorado, Northern California and Utah. Kevin Bell serves as Senior Director of Government Affairs for Oregon/SW Washington and is the primary contact for the Cable TV Office and the

Telecommunications Commission. Mike Mason serves as Vice President of Technical Operations for Oregon/SW Washington. Kelly Johns serves as Vice President of Customer Care overseeing the call center operations for Oregon/SW Washington.

The primary focus of Commission activities in 2005 was the sponsorship of a Wireless Network Feasibility Study prepared by a Washington State University Vancouver team of five students and review of potential federal legislation which could impact local franchising capabilities. Other activities included:

- A. Re-designation of Educational and Governmental access providers;
- B. Review and support of the work by Fort Vancouver Community Television (“FVTV”) as the Public Access Provider;
- C. Review and forwarding of recommendations regarding the Public, Educational and Governmental (“PEG”) Capital Support Fund.

In 2005 the total number of actual complaint calls to the Cable TV Office *decreased* to sixty-seven (67) (7 total “other calls/correspondence”) compared to one-hundred and eleven (111) (8 total “other calls/correspondence”) in 2004, two-hundred and twenty-three (223) (14 total “other calls/correspondence”) in 2003 and three-hundred and thirty-five (335) (22 total “other calls/correspondence”) in 2002. The Cable Office fielded six-hundred and eighty-one (681) (47 total “other calls/correspondence”) in 2001, one-hundred and fifty-four (154) (136 total “other calls/correspondence”) in 2000, fourteen (14) (140 total “other calls/correspondence”) in 1999 and ten (10) (163 total “other calls/correspondence”) in 1998.

In a positive trend, the Monthly Comcast Subscriber Report details the gain of 662 subscribers during 2005, from 78,532 as of December 31, 2004, to 79,194 as of December 31, 2005. The 662 increase in subscribers compares to a decrease of 444 in 2004, an increase of 3,518 subscribers in 2003, a decrease of 391 subscribers in 2002, and increases of 3,541 subscribers in 2001, 440 in 2000, 2,911 in 1999 and 2,015 in 1998. The penetration rate was 52.1% in 2005, compared to 53.5% in 2004, 55.3% in 2003, 54.1% in 2002, 56.4% in 2001, 55.2% in 2000 and 57% in 1999. Of the 79,194 subscribers, 32,438 received digital cable in 2005, compared to 26,657 in 2004, 23,597 in 2003, 23,255 in 2002, 19,068 in 2001, and 13,291 in 2000. Comcast also reported 46,426 Internet subscribers in 2005, compared to 37,907 in 2004, 30,822 in 2003, 23,864 in 2002, 17,607 in 2001, and 13,396 in 2000.

The Commission conducted a public review session regarding the cable operator’s performance at the March 1, 2006, regular meeting. The meeting was publicized in local newspapers, on the cable television system, and on the City of Vancouver’s and Clark County’s web pages. Three telephone calls, six e-mails and one letter were received as part of the public testimony. Two callers and one e-mailer requested an “a la carte” model for delivering video, where subscribers can pay for individual channels rather than purchasing a

tier of channels. One caller requested the addition of the NFL channel and the subtraction of pay-per-view channels. One e-mailer complained about an outage on the Comcast phone and Internet service as well as picture interference on the digital cable channels. Another e-mailer complained about a perceived Comcast monopoly on cable service and the latest rate increase. One e-mailer complained about the e-mail functionality of the Comcast Internet service. A Ridgefield resident complained about the lack of cable service in Rolling Hills, Ridgefield. The Director of the Vancouver Wine and Jazz Festival thanked the cable provider in a letter for the support of local community events.

Written testimony and phone calls to the Cable TV Office were also accepted through March 24, 2006. Four e-mails were received. One e-mailer complained about the recent rate increase and video signal interference on some channels. Another e-mailer complained about gradual loss of network speed on the Internet service. A cable subscriber was frustrated with the recent rate increase and felt that a new franchise agreement needed to be negotiated which would control future rate increases. Another cable subscriber complained about the rate increase, requested fewer “shopping channels,” expressed appreciation for Washington state programming, and suggested more funding for Clark/Vancouver Television to further expand the station’s programming. Every regular Commission meeting allows time for citizen comment on any issue related to cable service.

VI. COMCAST YEAR NINE PERFORMANCE REVIEW – SUMMARY ANALYSIS

A. Construction

1. System mileage as of December 2005 was 2,070 miles of subscriber, cable plant in the Vancouver/Clark County service area. This is a 104 mile increase from the previous year. A total of 151,962 homes are now passed by the cable system, an increase of 5,318 homes since December 2004.

A current map detailing constructed areas is on file in the Cable TV Office. A smaller conceptual map is available upon request.

2. System design and reliability are in compliance with franchise requirements.

B. Rates

1. As of September 1, 1993, cable rates became subject to regulation -- the Basic Service tier is regulated by local franchising authorities and the Cable Programming Service tier (called “Expanded or Enhanced Basic”) was regulated by the FCC until March 31, 1999. Expanded Basic rates became deregulated at that time. In 2005, Comcast increased the monthly rate for Expanded Basic service by \$2.49 to \$31.79 for a combined monthly Standard Cable rate of \$46.59 (including 5.79% franchise fee.)

A table of Comcast rates and other charges as of January 2006 is attached to this

report. (Exhibit A)

In early January 2006, Comcast announced a monthly rate increase of \$3.12 for Standard or Enhanced Cable, bringing the total monthly costs to \$49.89 (including franchise fee), effective March 1, 2006.

C. Programming

1. During 2005, Comcast added six (6) channels for digital subscribers, benefiting approximately 41% of local Comcast customers. Comcast made the following changes to the channel lineup;
 - a. **Added** seven (7) channels to the digital lineup, Sprout, NBC Weather Plus, Logo, OPB Create, Movie Plex, FLIX, and In DEMAND.
 - b. **Added** three (3) foreign language channels to the digital lineup, Canal 52 MX, Channel 1 Russia, and Cine Mexicano.
 - c. **Added** one (1) High Definition channel to the digital lineup, TNT HD.
 - d. **Deleted** five (5) digital channels, Shop NBC, VHI Country, TVE, VidaVision, and CCTV-4.
 - e. **Migrated** two (2) digital channels to the Digital Classic tier, VH1 Soul and Fuse.
 - f. **Relocated** two (2) channels to Limited Basic, Telmundo and OLN. In addition, at the request of the local ABC affiliate, KATU, relocated three (3) channels, KATU, TV Guide Channel and KATU HD.

The channel lineup effective January 2006, is attached. (Exhibit B)

2. As part of its review process, the Commission monitors the "mix and quality" of programming services offered by the cable operator. The 1984 Cable Policy Act allows local regulatory authorities to review the mix and quality of service. It is within this context that the Commission reviews programming changes made by Comcast. With the current franchise agreement a "baseline" of mix and quality of service has been established as indicated by the attached charts. (Exhibit C)
3. Comcast continues to offer Washington State programming, a franchise requirement, primarily on the Northwest Cable News Channel, as well as on KIRO news, a CBS affiliate in Seattle, three times daily during the week on Comcast's local channel 14 (10 hours each week). TVW aired Washington State legislative and public affairs programming twenty-four (24) hours a day on Channel 22. Comcast continues to provide extensive carriage of Seattle Mariner baseball games, a popular service with subscribers. KCTS, the Public Broadcast Service

affiliate in Seattle, also features programming about Washington State.

4. Vancouver and Clark County programming on Comcast Northwest Channel 14 (“CNW14”) is non-existent. In March 2001, due to budget constraints, AT&T cancelled the local news program “AT&T News 26,” which had aired five days a week since 1983. There has been no Vancouver or Clark County programming produced or aired in 2005.

Comcast Northwest Channel 14 programming consists of acquired programming from multiple sources. Regional coverage includes replays of Portland State University football games, University of Oregon sports, Oregon State sports, Portland Winterhawks, the Lars Larson Show, Playhouse TV and ODOT- Drive Time.

D. Consumer Services

1. During 2005, Comcast met the telephone answering performance requirements of the franchises and of FCC customer service standards for three out of the four quarters of the year. Comcast is required to answer calls within thirty (30) seconds, ninety (90) percent of the time. Comcast’s reporting shows the following percentage of calls answered within thirty (30) seconds for 2005: 1st Quarter – 93.5%; 2nd Quarter – 93.9%; 3rd Quarter – 88.3%; 4th Quarter – 93.2%. In 2005, the Cable TV Office received one complaint from a subscriber regarding telephone response times.
2. Comcast’s Vancouver/Clark County office continued to handle in-house installation and repair, maintenance and field technicians and system management throughout 2005. Comcast’s call center is located in Beaverton, Oregon.
3. As reported by Comcast, the average response time to a customer complaint was within 24-hours.
4. Standard customer installations in Comcast constructed areas were usually completed within five (5) business days after the request for cable service was received. The average response time for standard installation in new construction areas, when the home is not pre-wired for cable, was thirty (30) days. Response is still impressive given the growth in the community, as well as the addition of new services on the cable system such as digital cable, Internet service, HDTV, On Demand and Digital Video Recorders. This response time is also within franchise requirements.
5. Comcast provides parental lock boxes upon request, as required by the Cable Act of 1984, to block out any channel. There is no additional charge for the device. Extensive parental control features are included as part of the digital cable service.

E. Internet Services

1. Comcast's cable modem service in Vancouver/Clark County continued to show significant customer growth during 2005. As of January 1, 2006, there were 46,426 Internet subscribers in the Vancouver/Clark County franchise area, compared to 37,907 in January 2005, 30,822 in January 2004, 23,864 in January 2003, 17,607 in January 2002 and 13,396 subscribers in January 2001.
2. The published monthly charge for Comcast Internet service, including a leased cable modem is \$45.95 per month if the customer subscribes to cable TV and/or Comcast Digital Voice and \$55.95 if the customer does not. For those customers who purchase their own cable modem, the monthly rate is \$42.95 with cable TV and/or Comcast Digital Voice and \$52.95 without either service.
3. In March 2002, the Federal Communications Commission ruled that high-speed cable modem internet connections were considered an "information service," not a "cable service." Therefore, under the FCC ruling cable operators determined that Internet service was not subject to any oversight by local franchising authorities. Comcast declined to pay franchise fees on Internet services after March 2002 as a result of the ruling. Vancouver and Clark County joined the National Association of Telecommunications Officers and Advisers ("NATOA") in appealing the FCC ruling on cable modem services, however the FCC position was sustained by the U.S. Supreme Court. Though Internet customers are not paying local franchise fees, the Commission continues to be deeply concerned about the potential impacts to customers who are unable to resolve service issues with the company. The Cable TV Office continues to refer local customer complaints to Comcast.
4. The Cable TV Office received 35 complaints regarding Comcast Internet service in 2005, compared to 18 complaints in 2004, 130 complaints in 2003, 182 complaints in 2002, 520 complaints in 2001 and 127 complaints in 2000. Of the 35 Internet complaints received in 2005, 13 regarded service interruptions and 18 focused on customer service issues.
5. In early 2005, Comcast increased its downstream speed to all residential customers from 3 Mbps to 4 Mbps. Comcast raised the downstream speed again in late 2005 to 6 Mbps. Both increases came at no extra cost to customers. The company also added a "Speed Tier" at 8 Mbps. The "Speed Tier" rate is \$10 more per month than the standard 6 Mbps.
6. In 2005, Comcast launched new packages of services for Internet customers at no additional cost, including McAfee Security downloads, enhanced security tools, pop-up blockers, spam controls, new search tools, photo management and online music.

E. Voice Services

1. In 2005 Comcast launched “Comcast Digital Voice,” a Voice Over Internet Protocol (“VOIP”) telephone service in Southwest Washington. Customers receive unlimited local and nationwide long distance voice mail and the standard calling features. This service is in addition to the traditional phone service provided by the company.
2. The published monthly charge for Comcast Digital Voice service, including a leased cable modem is \$42.95 per month if the customer subscribes to cable TV and Internet, \$47.95 if the customer subscribes to either cable TV or Internet service and \$57.95 if the customer does not subscribe to any additional Comcast services.

F. PEG Access Programming

Public Access

1. The Commission through Resolution 2004 – 05, adopted May 5, 2004, designated FVTV as the Designated Public Access Provider. FVTV received their federal 501 (C) 3 designation in February 2005.

As noted in the FVTV 2005 Annual Usage Report (Exhibit D), seventeen producers utilizing the FVTV facility submitted ninety (45) single programs for a total of forty (40) hours of programming. FVTV held thirty-one (31) workshops. FVTV has not provided the Commission with the number of people trained in workshops since March 2004.

2. The public access facilities were open 10 hours per week throughout 2005. Due to continued difficulties in raising operational funding, FVTV laid off temporary staff in the summer of 2005, utilizing volunteers to keep the operation running.
3. Programming produced through FVTV facilities and aired on Channel 11 for 2005 is as follows (from the 2005 Fort Vancouver Community Television Monthly Playback Report): A total of seventeen (17) individuals submitted forty-five (45) programs to air on the channel in 2005. By comparison, in 2004, forty-three (43) individuals submitted one hundred and sixteen (116) programs.
4. FVTV continues to schedule public access programming. Playback of public access programs is still done at no charge to FVTV by the Cable TV office staff.
5. Due to leadership changes with the FVTV Board and uncertainties regarding the continued viability of the station, the Commission tabled the designation of the Public Access provider until October 2006. The Commission’s PEG Committee continues to meet with FVTV representatives on a quarterly basis. Though the Commission is pleased that FVTV continues to operate, through the exclusive

use of volunteers, there are growing concerns regarding the viability and overall community responsiveness of the current public access provider.

Educational Access

1. TV ETC is an educational consortium with members representing all public and private educational institutions in Vancouver and Clark County. The Commission re-designated TV ETC as the Education Access Provider on May 4, 2005. TV ETC is responsible for programming three channels 27, 28, 29.

In April 2005, TV ETC submitted an annual report to the Commission. TV ETC continues to make significant advances in program development. TV ETC was recognized numerous times in 2005, including the Crystal Award and Washington School Public Relations Association Award for the Vancouver School District's *American Schools of the 21st Century*. A copy of the TV ETC Annual Report for 2004 is on file at the Cable TV Office.

Government Access

1. Resolution 2005 – 06, adopted by the Commission on May 4, 2005, re-designated the City/County Cable Television Office as the Designated Access Provider for government. Through the government access channel, Clark/Vancouver Television (CVTV) Channel 23, the City and County continue their service of providing local government and community programming. The station was recognized by the National Association of Telecommunications Officers and Advisors as well as the Clark County Developmental Disabilities Advisory Board for their production of *Developmental Disabled Citizens in the Workforce*.

Clark/Vancouver Television completed an upgrade of its playback facility in April 2005, using City General Funds, to provide web-streaming of the channel and on-demand replays of hearings, meetings and events to all Internet users. With the addition of on-demand replays, the CVTV website averaged 3,270 Internet hits per month from September through December 2005.

PEG Capital Support

1. A total of \$5,386,221 in PEG Capital Support payments collected by Comcast and paid to the City and County have been placed in the PEG Capital Support Fund from May 1998 through the 4th quarter of 2005. From May 1998, PEG funds awarded total \$5,294,396 -- \$1,294,768 for Government Access (CVTV) and \$1,971,491 for Educational Access (TV ETC), \$548,183 for Public Access (FVTV), and \$1,346,557 for public Institutional Network ("I-NET") users.

PEG Capital Support provided funding for six projects in 2005, including improvements to video services facilities for the Evergreen, Vancouver and Battle

Ground School Districts; upgrades of video playback equipment for TV ETC and CVTV; and the addition of video editing storage for FVTV.

The access providers have exceeded the franchise requirement for a dollar match between operating revenue and capital support from the PEG Fund. In 2005 alone, access providers reported having a total of \$1,437,906 in operating funds (\$830,000 – TV ETC; \$578,316 – CVTV; \$29,590 – FVTV)

G. Technical Performance

1. Comcast meets or exceeds FCC standards for continuity of service, signal quality, Cumulative Leakage Index (CLI), and related standards.
2. In 2005 there was an average of 38.75 outages per month, compared to 36.58 outages per month reported in 2004, 26.6 in 2003 and 46.1 in 2002. The average duration of the outage was 1.48 hours. Outages are tracked by repair and maintenance technicians and logged in a technical performance log for each occurrence.

H. Institutional Network

1. In July 2001 AT&T signed contracts with the City of Vancouver, Clark County, the Evergreen School District and the Fort Vancouver Regional Library District for the development of an optical fiber based Institutional Network (“I-NET”).
2. The Commission, in Resolution 2001-03 Regarding Recommendation for PEG Fund Budget for 2001, recommended to the elected officials that \$200,000 be reserved annually from the PEG Fund for I-NET use for the next 6 years. The Commission’s recommendations were later approved by the City and County.
3. Construction of the system began in September 2001 and was completed by the end of the first quarter of 2002.
4. I-NET users have reported that the system functioned extremely well throughout 2005. The City of Vancouver currently connects ten (10) different sites to the I-NET for data transfer, including City Hall, Vancouver Police Department’s Central and East Precincts and Vancouver Fire Department’s Station 81. Clark County connects eleven (11) sites for data transfer, including the Clark County Health Department, the Clark County Sheriff’s Office Central Precinct, and the North County Resource Center. Clark County Fire District 5 connects one (1) site the NW Regional Training Center. The Evergreen School District utilizes the I-NET at thirty-eight (38) sites for voice, video and data.

5. A total of \$200,000 in PEG Grant Funds was distributed in 2005 to I-NET users (\$53,676 – Clark County, \$53,676 – City of Vancouver, \$49,640 - Evergreen School District, and \$43,008 – Fort Vancouver Regional Library District.)

I. Emergency Alert System

1. As required by the Federal Communications Commission, Comcast operates and regularly tests an Emergency Alert System (“EAS”). In the event of an alert a crawl message is inserted over all channels indicating that an emergency exists and viewers should switch to Channel 14 for more information.
2. Comcast monitors four Portland/Vancouver EAS sources for alert information, KXL 750AM radio, KGON 92.3 FM radio, KOPB 91.5FM radio and NOAA weather. At the request of the Clark Regional Emergency Services Agency (“CRESA”) Comcast added a fifth station in January 2005, the Washington State Relay Network.
3. In April and May 2004, the Cable TV Office received numerous complaints regarding the EAS system. During an April 2004 Amber Alert, all digital subscribers were forced tuned to cable channel 14 and could not select another channel for 25 minutes. In May 2004, scrolling messages on the analog channels issued thunderstorm alerts asking that viewers tune to channel 14 for more details. However, the channel offered no additional information, only infomercials. Comcast technicians regularly updated the Commission, Cable TV Office staff and CRESA representatives as they worked to resolve the issues.

After several unsuccessful attempts to fix the EAS system, Comcast replaced all emergency encoders and decoders in Oregon/SW Washington in August 2004. Since the installation of the new Sage EAS equipment, the EAS alerts have been reliable and offer text messages in both English and Spanish.

J. Community Involvement

1. As noted previously, the Commission acknowledges with appreciation Comcast's local sponsorships, participation, and charitable contributions in the Vancouver/Clark County community. These include: Fourth of July Fireworks for the Vancouver National Historic Reserve Trust, the Clark County Fair, Taste of Vancouver, and many others.

K. Overall Performance

1. The Commission is pleased to report that Comcast was in compliance with nearly all provisions of the franchise agreements. Comcast did miss the 90% the telephone answering performance requirements of the franchises and of FCC during the third quarter of 2005, reaching only 88.3%. The company quickly

corrected staff levels to come back into compliance by the fourth quarter of 2005.

2. The reliability and customer service for Comcast's cable and high-speed Internet was consistently strong throughout 2005.
3. Comcast launched new services for Vancouver and Clark County subscribers, Digital Video Recorders, Internet Photo Gallery, Video Mail and Digital Voice.
4. The cable provider continues to add a wide variety of digital channels tailored to specific populations, including several Spanish, Russian and religious channels. However, the additional cost of purchasing a digital package often limits the potential outreach. As of January 2006, approximately 41% of local cable subscribers received digital cable.

VII. TELECOMMUNICATIONS COMMISSION ACTIVITIES

Fred Bateman served as Chair of the Commission through 2005 and Heidi Schultz served as Vice Chair through October 2005. Heidi Schulz resigned from the Commission in October 2005 and Todd Martin's term expired in May 2005. The non-voting position for small cities remains vacant.

The Commission held ten (10) regular meetings in 2005; in addition, numerous subcommittee and task force meetings were held. The majority of the Commission's attention was focused on FVTV public access issues, the PEG Capital Support Fund, the sponsorship of a wireless Internet feasibility study for the City of Vancouver, and the review of potential federal legislation impact local cable franchising. The Commission organized into three (3) subcommittees or task forces in March 2005: Executive Committee (Fred Bateman, Heidi Schultz and Jane Jacobsen); Cable Service/New Technology (Jane Jacobsen, Joseph Raabe and Doug Dwyre); and PEG (Heidi Schultz, Todd Martin, Robert Mealey and John Grismore).

Major work items and accomplishments for 2005 included:

- A. Comcast's Annual Performance Review for 2004;
- B. Review and re-designation of PEG Access Providers for government and education;
- C. Coordination of the PEG Capital Support Fund program, including recommending the award of grants to TV ETC for \$301,389, the City/County Cable TV Office for \$162,000, FVTV for \$23,326, and \$200,000 for I-NET users;
- D. Reviewed and assisted the developmental activities of FVTV;
- E. Reviewed the completion of free wireless Internet access project in Esther Short Park;

- F. Sponsored the development of a wireless Internet needs assessment study by a Washington State University Vancouver class for the City of Vancouver.

Major work items for 2006 include:

- A. Administer the cable television franchise agreement for the City of Vancouver and Clark County and insure current grantee's (Comcast) continued compliance with franchise requirements;
- B. Continue to monitor Comcast's customer telephone response;
- C. Review and possibly update customer service standards for all providers, depending on whether or not federal legislation is passed which would preempt local activities regarding customer service;
- D. Review rate filings and related matters as appropriate;
- E. Review proposals for cable television franchise with alternative providers and make recommendations to the legislative bodies as/if they are received;
- F. Refine the processes regarding PEG Access programming and channel designations, and continue to implement the PEG Capital Support Fund project and fund distribution;
- G. Review the progress made with the wireless Internet initiatives;
- H. Review and re-designation of PEG Access Providers for public, government and education.

VIII. SUMMARY

Considering the events of the past years and concerns regarding previous cable provider performances, the Commission notes continued improvement in customer service and responsiveness from local Comcast staff to the "special and unique qualities" of Vancouver/Clark County.

Vancouver and Clark County have worked diligently on nurturing a vibrant partnership with past cable providers, including TCI of Southern Washington and AT&T Broadband. These strong relationships have benefited both the companies and our community. The Vancouver/Clark County cable system was the first in the greater Portland/SW Washington market to be fully upgraded to 750 MHz and the first to offer local telephone service. The upgrade not only allowed for an expansion of cable programming but also the deployment of telephony, Internet service, the establishment of an Institutional Network, HDTV, On Demand, and Digital Video Recorders. Subscribers in Vancouver/Clark County responded by aggressively purchasing these new services. It is the Commission's goal that

Vancouver/Clark County continue to be on the forefront of technological advances by cultivating partnerships with Comcast Corporation.

Nationally, cable operators are facing ever growing competition. According to the National Cable and Telecommunications Association, in 1992 there were fewer than 70,000 direct broadcast satellite (“DBS”) subscribers. Today there are 26.1 million DBS subscribers. The Commission is pleased to report Comcast has been aggressively marketing their service and providing new enhanced products, such as HDTV, On Demand and Digital Video Recorders. Locally, Comcast gained 662 subscribers in 2005, compared to a loss of 444 subscribers in 2004, and a gain of 3,518 subscribers in 2003. Providing outstanding customer service, competitive prices and locally produced programming, are essential for the continued success of cable operators.

The cable/broadband system in Vancouver/Clark County not only represents a substantial economic investment, but it is also an essential component in building and nurturing the social capital of the community. It is not an essential service for our physical health, but it is a vital service in maintaining and improving the civic health of Vancouver/Clark County.

The Commission hopes most sincerely that local and regional Comcast Corporation officials remember the challenges of the past and, by working with this Commission and subscribers, continue to nurture the company’s vital and productive relationship with our community.
