

**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**

**May 2007**

**I. INTRODUCTION - BACKGROUND**

This is the Twenty-Fifth 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 tenth 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 2006 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 2006 although, as appropriate, more recent developments and issues are noted.

The current franchise agreement with Comcast is in its tenth 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. The number of customer complaints regarding Comcast's service, including but not limited to the company's high-speed

Internet service, rose by nearly 18% during 2006. Of particular note are the number of emails and letters the Cable Television Office received from citizens, most critical of Comcast performance, as part of this Annual Review process. This follows a nearly 40% reduction in customer complaints during 2005. 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 7, 2007.

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 2006 PERFORMANCE REVIEW**

The Year Twenty-Five Report chronicles the fourth 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;
- 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. Comcast launched "Comcast Digital Voice," a Voice Over Internet Protocol ("VOIP") telephone service in Southwest Washington in 2005;
- D. Replacement of approximately 650 Pioneer analog cable boxes with digital cable boxes for Vancouver and Clark County government buildings and all schools in the Vancouver/Clark County community;
- 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 was one major change in local and regional leadership at Comcast. Kevin Bell, who served as Senior Director of Government Affairs for Oregon/SW Washington and was the primary contact for the Cable TV Office and the Telecommunications Commission, left the company in September 2006. Sanford Inouye was appointed by Comcast to the position of Senior Director of Government Affairs for Oregon/SW Washington in October 2006.

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. 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 2006 were the development of a business

plan for cable regulatory services and review of potential federal legislation regarding cable franchising. 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 2006, the total number of actual complaint calls to the Cable TV Office *increased* to seventy-nine (79) (23 total “other calls/correspondence”) compared to sixty-seven (67) (7 total “other calls/correspondence”) in 2005.

In a positive trend, the Monthly Comcast Subscriber Report details the gain of 1,930 subscribers during 2006, from 79,194 as of December 31, 2005, to 81,124 as of December 31, 2006. The 1,930 increase in subscribers compares to an increase of 662 subscribers in 2005 and a *decrease* of 444 subscribers in 2004. Comcast also reported 56,504 Internet subscribers in 2006, compared to 46,426 in 2005.

The Commission conducted a public review session regarding Comcast’s performance at the March 7, 2007, 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. One public comment, three telephone calls, eleven e-mails and three letters were received as part of the public testimony. A resident from Camas who attended the meeting complained about service outages for her digital cable and phone service. One caller expressed his frustration in dealing with Comcast to find out why English and Spanish captioning were no longer available for *Telemundo*. One caller and three e-mailers complained about issues they were having with their digital phone service. Two e-mailers reported Internet service interruptions and frustrations working the Comcast customer support. One e-mailer complained about the e-mail functionality of the Comcast Internet service. Another e-mailer wanted to know when Comcast would fix the problems they are experiencing with the Motorola digital cable boxes and their HDMI (“High-Definition”) output. Two e-mailers and two letter writers complained about a perceived Comcast monopoly on cable service and the latest rate increase coming after the company reported record profits. A letter writer reported poor customer service when trying to resolve billing issues. A Hockinson resident complained about the lack of cable service in their area. The Director of the Vancouver Wine and Jazz Festival thanked the cable provider in a letter for the support of local community events.

Following the public comment the City/County Telecommunications Commission asked several questions of Comcast during the March 7, 2007, regular meeting. Comcast responded to a majority of the questions but could not address all the issues without further research. On April 13, 2007, the City/County Cable Office received a letter from Comcast

(“attached”) responding to a number of the issues, including employee numbers, justification for rate increases and High Definition programming packages.

Written testimony and phone calls to the Cable TV Office were also accepted through April 9, 2007. One e-mailer complained about the recent rate increase and not having *C-SPAN 3*, *HDNet* and *Al-Jazeera* in the channel line up. Another e-mailer complimented the company for offering digital video recorders (“DVR’s”) but then complained about needing to subscribe to digital cable to get the service. He suggested that the company offer discounted DVR services for people with disabilities. A cable, Internet and phone subscriber was frustrated with the customer service he received while trying to resolve a billing issue. 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 2006 was 2,164 miles of subscriber, cable plant in the Vancouver/Clark County service area. This is a 94 mile increase from 2005. A total of 155,316 homes are now passed by the cable system, an increase of 3,354 homes since December 2005.

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. The Cable Programming Service tier (“Expanded or Enhanced Basic”) was regulated by the FCC until March 31, 1999. Expanded Basic rates became deregulated at that time. In 2006, Comcast increased the monthly rate for Expanded Basic service by \$3.12 to \$32.90 for a combined monthly Standard Cable rate of \$49.89 (including 5.79% franchise fee.) As of March 1, 2007, the Limited Basic Service monthly rate is \$14.51 (including 5.79% franchise fee.)

In early January 2007, Comcast announced a monthly rate increase of \$3.95 for Standard or Enhanced Cable, bringing the total monthly costs to \$53.84 (including franchise fee), effective March 1, 2007.

In addition, as this report was being prepared, Comcast filed a “Petition of

Effective Competition” for Vancouver and Clark County with the Federal Communications Commission (FCC). The effect of the Petition if granted by the

FCC would be to deregulate all cable television rates in the cities of Vancouver, Camas, Washougal, and Clark County. (The other cities in Clark County are not certified for local rate regulation of basic rates.) Staff is currently preparing a response to the Comcast petition.

A table of Comcast rates and other charges as of March 2007 is attached to this report. (Exhibit A)

### C. Programming

1. During 2006, Comcast added seven (7) channels for digital subscribers, benefiting approximately 52% of local Comcast customers. Comcast made the following changes to the channel lineup;
  - a. **Added** eight (8) channels to the digital lineup, Fox Reality Channel, FEARnet, DayStar, SiTV, The Tube, OPB Create, Tennis Channel and the Gospel Music Channel.
  - b. **Added** one (1) foreign language channel to the digital lineup, Latele Novela.
  - c. **Added** three (3) High Definition channels to the digital lineup, Universal HD, MHD and National Geographic HD.
  - d. **Deleted** four (4) digital channels, American Life, Lime, Ovation, and Latin TV; one (1) High Definition channel, iNHD2; and three (3) pay-per-view channels, The Hot Network, Spice and Spice 2.
  - e. **Migrated** two (2) digital channels to the Digital Classic tier, Current TV and Bloomberg.
  - f. **Relocated** two (2) channels to Limited Basic, OPB Create and NBC Weather Plus.

The channel lineup effective January 2007, 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 airs 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 2006.

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 2006, Comcast met the telephone answering performance requirements of the franchises and of FCC customer service standards for 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 2006: 1<sup>st</sup> Quarter – 93.5%; 2<sup>nd</sup> Quarter – 92.9%; 3<sup>rd</sup> Quarter – 93.1%; 4<sup>th</sup> Quarter – 92.4%. In 2006, the Cable TV Office received two complaints from subscribers regarding telephone response times. (However, it should be noted that Comcast did not meet the telephone response standard for the first quarter of 2007 and has been advised of a potential franchise violation. Comcast will have a quarter to correct the problems and come back into compliance with the FCC standard.)
2. Comcast’s Vancouver/Clark County office continued to handle in-house installation and repair, maintenance and field technicians and system management throughout 2006. 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, Digital Video Recorders and digital telephony services. 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 2006. As noted above, as of January 1, 2007, there were 56,504 Internet subscribers in the Vancouver/Clark County franchise area. (There has been a steady and impressive increase in high speed internet subscribers since the service was initially offered: 46,426 in January 2006; 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 standard Comcast Internet service of 6Mbps, 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 2005, Comcast began offering a "Speed Tier" of 8Mbps with automatic download increase up to 16Mbps during the first 20MB of a file. The published monthly charge for the "Speed Tier" of Comcast Internet service is \$10 more per month than the standard Internet Service.
4. 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 Cable TV Office continues to assist customers who are unable to resolve service issues with the company.

5. The Cable TV Office received 19 complaints regarding Comcast Internet service in 2006, compared to 35 complaints in 2005. Of the 19 Internet complaints received in 2006, 6 regarded service interruptions, 3 dealt with e-mail delivery troubles, 1 was on rates, and 9 focused on customer service issues.
6. In October 2006, Comcast updated its web-mail services.

#### **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.
2. The published monthly charge for Comcast Digital Voice service, including a leased cable modem is \$39.95 per month if the customer subscribes to cable TV and Internet, \$44.95 if the customer subscribes to either cable TV or Internet service and \$54.95 if the customer does not subscribe to any additional Comcast services.
3. In 2007, Comcast will no longer be offering their traditional phone service to new customers. The service will remain for existing customers though the company will be offering discounts to encourage customers to switch to the new VOIP service.

#### **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.

The public access facilities were open 10 hours per week throughout 2006. 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.

2. FVTV continues to schedule public access programming. Playback of public access programs is still provided by the Cable TV Office at no charge to FVTV..
3. Due to leadership changes with the FVTV Board and uncertainties regarding the continued viability of the station, the Commission tabled the re-designation of the Public Access provider until May 2007. The Commission's PEG

Committee continues to meet regularly with FVTV representatives. Though the Commission is pleased that FVTV continues to operate, through the exclusive use of volunteers, there are continuing 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 2, 2006. TV ETC is responsible for programming channels 27, 28, 29.

In April 2006, 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 21<sup>st</sup> Century*. A copy of the TV ETC Annual Report for 2005 is on file at the Cable TV Office.

### **Government Access**

1. Resolution 2006 – 04, adopted by the Commission on May 3, 2006, 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 for their production of a video aired during the 2006 State of the City Address.

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 visits per month

from September through December 2005. In 2006, the website averaged 5,905 visits per month.

### **PEG Capital Support**

1. A total of \$6,128,510 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 4<sup>th</sup> quarter of 2006. From May 1998, PEG funds awarded total \$5,294,396: \$1,528,894 for Government Access (CVTV) and \$2,326,511 for Educational Access (TV ETC), \$548,183 for Public Access (FVTV), and \$1,672,723 for public Institutional Network (“I-NET”) users.

PEG Capital Support provided funding for ten projects in 2006, including improvements to video services facilities for the Evergreen, Vancouver and Battle Ground School Districts; upgrades of video playback equipment for TV ETC and the installation of a video production booth at the Port of Vancouver headquarters for CVTV; and I-NET connections to a new high school and elementary school in the Evergreen School District and connections to three Clark County satellite offices.

The access providers have exceeded the franchise requirement for a dollar match between operating revenue and capital support from the PEG Fund. In 2006 alone, access providers reported having a total of \$1,453,506 in operating funds (\$830,000 – TV ETC; \$613,506 – CVTV; \$10,000 – 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 2006, there was an average of 36.5 outages per month, compared to 38.75 outages per month reported in 2005. The average duration of the outage was 1.54 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 2006. 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 fourteen (14) 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 forty (40) sites for voice, video and data.

5. A total of \$200,000 in PEG Grant Funds was distributed in 2006 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.

#### **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 all

provisions of the franchise agreements as of December 31, 2006.

2. The reliability and customer service for Comcast's cable and high-speed Internet was consistently strong throughout 2006.
3. Comcast continues to keep the system robust with new services for Vancouver and Clark County subscribers, including 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 2007, approximately 52% of local cable subscribers received digital cable.

## **VII. TELECOMMUNICATIONS COMMISSION ACTIVITIES**

Fred Bateman served as Chair of the Commission through 2006. The non-voting position for small cities remains vacant.

The Commission held eight (8) regular meetings in 2006; 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 development of a business plan for cable regulation, and the review of potential federal legislation regarding local cable franchising. The Commission organized into three (3) subcommittees or task forces in 2006: Executive Committee (Fred Bateman and Jane Jacobsen); Cable Service/New Technology (Jane Jacobsen, Joseph Raabe and Doug Dwyre); and PEG (Fred Bateman, Robert Mealey and John Grismore ).

Major work items and accomplishments for 2006 included:

- A. Comcast's Annual Performance Review for 2005;
- 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 \$355,020, the City/County Cable TV Office for \$234,126, and \$361,166 for I-NET users;
- D. At the request of the Vancouver City Manager, developed a business plan for cable regulation, including the establishment of cost performance measure, service outcomes, and program priorities for the coming years;

- E.** Reviewed the development of potential federal and state legislation regarding local cable franchising;
- F.** Conducted a random telephone survey of local cable subscribers to gauge the viewership of local government, education and public access channels.

Major work items for 2007 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.** Provide assistance to citizens and cable television subscribers in cable television matters by facilitating complaint resolution and enforcing franchise compliance by the cable operator in all matters pertaining to consumer issues;
- 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.** Implement key action steps of the business plan for the City/County Cable Television Office, including having the Telecommunications Commission begin meeting quarterly rather than monthly unless issues arise that require special meetings;
- G.** Refine the processes regarding PEG Access programming and channel designations, and continue to implement the PEG Capital Support Fund project and fund distribution;
- H.** Review and re-designation of PEG Access Providers for public, government and education;
- I.** Continue to work with the public access provider to transition remaining public access functions, including playback, currently performed by the City/County Cable Television Office, to the public access provider
- J.** Advise the Commission, City Council and Board of County Commissioners on regulatory matters in light of judicial, regulatory and legislative actions. Particular focus for 2007 will include potential revisions to the Telecommunications Act of 1996 by Congress and/or the FCC, regulation related to cable internet modems, VoIP (Voice over Internet Protocol), digital television transition (DTV) and related pending FCC, federal and state legislative issues ;

- K.** Review budget and work plan for 2008 in light of legislative and regulatory oversight needs.

## **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 through 2006. However, the first quarter of 2007 has presented several issues of possible concern that may indicate a decline in that responsiveness. These include: 1) dramatic failure to meet the telephone response standards for the first quarter of the year; 2) closure, with no plans to relocate, the Comcast kiosk at Vancouver Mall

(Westfield Towne Shopping Center) while it continues to operate similar kiosks at other malls in the region; 3) filing of the Effective Competition Petition with the FCC with no prior notice to the City of Vancouver or Clark County despite a prior commitment to work together on the issue; 4) an overall decrease in responsiveness to Vancouver/Clark County (incorrect channel line ups, inattention to requests for assistance on several matters, etc.). The Commission hopes that these are examples of exceptions, but wants to note our concern for the record.

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 29.4 million DBS subscribers. The Commission is pleased to report Comcast has been aggressively marketing their service and providing enhanced products, such as HDTV, On Demand and Digital Video Recorders. Providing outstanding customer service, competitive prices and locally produced programming, are essential for the continued success of cable operators. Our sense is that the cable industry, and Comcast specifically as the largest operator, are at a technological, economic, and a regulatory cross-roads as to what will be a successful business model for the next generation of video/high speed data/voice services. We hope that the Vancouver/Clark County community will be at the forefront of that evolution as a partner rather than an

adversary with Comcast.

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.

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