



CAMBRIDGE CONSUMERS' COUNCIL

831 Massachusetts Ave. Cambridge, MA 02139

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City Of Cambridge

Paul J. Schlaver
Executive Director

serving the
residents of:

Cambridge
Boston

TO: Robert Healy, City Manager

FROM: Paul Schlaver, Executive Director

DATE: February 26, 1998

RE: Recommendations regarding Cable TV Consumer Protection Regulations

At the City Council Subcommittee on Cable TV held on February 20th, Don Drisdell and I were asked to submit some recommendations as to ways to strengthen the proposed customer service standards that will be discussed at the public hearing scheduled for Tuesday, March 3, 1998 at 10:00AM in Boston. The hearing is to be conducted by the Cable Television Division of the state Department of Telecommunications & Energy. The expectation of the committee was to have these comments ready to submit with the committee report to the Council on March 2nd so that possible endorsement of them could follow prior to the Tuesday public hearing in Boston.

The following, I believe, covers the recommendations that were offered by me and others present at the sub-committee meeting. I will be able to attend that public hearing to offer oral testimony and can submit written testimony up until March 18, 1998 of any formal recommendations the City of Cambridge decides to adopt and submit.

The Cable Television Division of the Massachusetts Department of Telecommunications & Energy is proposing a rulemaking about customer service standards for cable television companies in Massachusetts. The three major areas covered by the proposed standards for customer services are: marketing, handling consumer calls and subscriber service calls. What the Cable Television Division is proposing to adopt is an almost mirror image of the current FCC rules and standards.

In light of the complaints and controversies that have swirled around Media One's marketing efforts of the last six months, the telephone response problems, etc. this rulemaking decision could be very important to Cambridge Cable TV consumers. I would like to recommend that the City of Cambridge urges the Cable Television Division of the DTE to go farther in their standards setting process than to merely adopt the minimum standards already in place at the Federal level set forth by the Federal Communications Commission..

The following are the ideas we considered in the sub-committee meeting. As Director of the Cambridge Consumers' Council, I feel that these recommendations would be appropriate for the City to make to this state agency regarding Cable TV customer service standards:

1. A disclosure requirement should be stated that includes providing notice to the municipality, that licenses the cable company, of any new marketing effort, its content, methodology, and timeline. The municipality can designate what city department, such as the Cable TV Office or Consumer Office is to receive the notice and sample materials.
2. It should be required that the cable TV companies places notices, both on the television screen at periodic intervals and also in the "bill stuffers," to cable customers indicating the complaint procedures to follow. The notices should include a telephone number and mailing address of the office within the municipality and the state office to which complaints can be filed about customer service problems.
3. The provisions should set forth billing and termination procedures that mirror to a considerable extent those currently in place for telephone, gas and electric residential customers. Specifically, Cable TV customers should be given 25-30 days to pay their monthly bill rather than, as now with Media One, receive a bill with a due date for payment less than two weeks later. The Department of Telecommunication and Energy (formerly the DPU) promulgates and enforces those regulations. The Cable Television Division is now located in the same department and thus can share resources in the DTE Consumer Division. Therefore, it only makes sense to have similar consumer protection standards.
4. If a service technician must visit the customer's home to install cable services, then upon the termination of service, retrieval of the rental equipment (the cable box and remote control unit) from the customer's home by the company must also be an option. This option should be disclosed as an alternative to customer that does not want to or cannot not deliver the equipment to the Cable company office.
5. The proposed enforcement provision set forth by the Cable Television Division lacks specificity as to what constitutes a "per violation" situation, what is the fining procedure and appeal procedure. The enforcement provision also does not grant the local municipal licensing authority any enforcement powers but should, letting the local municipality monitor and enforce through such designated city departments as the Cable TV office, Consumer office or Law department.
6. These regulations should also state that the local municipality has the authority through their negotiated franchising agreements to add or extend consumer protection requirements and to encourage competition for cable TV customers as a further way to offer consumer protections as well as lower costs for consumers.

The City of Cambridge wants to play an active role in monitoring cable TV customer services and enforcing standards set by law. The stated goal of maintaining local franchising authority and fostering cable television competition in Cambridge means that the City also wants to make sure that consumer protection regulations are strong, detailed, and relevant to the kind of concerns that Cambridge residents might have about their cable TV services.



City of Cambridge

Committee Report #1

IN CITY COUNCIL

March 2, 1998

VICE MAYOR GALLUCCIO

ORDERED: That the City Manager be and hereby is requested to direct Paul Schlaver to appear at the Department of Telecommunications and Energy hearing to convey the points set forth in Mr. Schlaver's memorandum attached to this report.

In City Council March 2, 1998.

Adopted by the affirmative vote of nine members.

Attest:- D. Margaret Drury, City Clerk.

A true copy;

A handwritten signature in cursive script that reads "D. Margaret Drury".

ATTEST:-

D. Margaret Drury
City Clerk

Vice Mayor Galluccio said that he sees an opportunity here to propose some stronger measures at the time this proposal is being considered.

Mr. Epstein stated that the Federal Communications Commission customer service standards are minimum standards. On a franchise agreement; a municipality can push for better standards.

Councillor Born asked who is on the commission. Mr. Epstein stated that there is one commissioner, John Petrone. He is appointed by the Governor and is very supportive of the cable industry.

Mr. Schlaver stated that there is a new entity, the Department of Telecommunications and Energy. There are five commissions, all appointed by the Governor. He is not sure whether regulations must be voted by all five commissioners. Mr. Epstein stated that he believes that John Petrone can promulgate regulations by himself.

Mr. Schlaver stated that the Cable Division has been merged with the Consumer Division of the Department of Public Utilities and the consumer staff is quite good, so he expects that at the enforcement level, good work will be done.

Mr. Schlaver stated that he proposes additions to the regulations to require cable companies to inform customers in their billing materials each month where they can file complaints.

Mr. Epstein stated that the bill does have information about the state commission, but it is more rate-oriented information.

Vice Mayor Galluccio said that an issue for the commission is just how the State Commission intends to be the guardian of the public interest, what will it actually do in that regard.

Mr. Schlaver stated that it would be useful to require the state to promote a local number, as well, the local cable office or consumer council.

Vice Mayor Galluccio said that if the Commission is going to be the ultimate guardian, it is important to ensure that they will enforce customer protection.

Mr. Epstein said that unlike the Federal Communication regulations, the regulations do provide for enforcement. In addition, Cambridge can do local enforcement. Mr. Epstein stated that he regularly recommends that franchise renewals include liquidated damages.

Mr. Schlaver stated that the actual enforcement procedure is not clear in the proposed regulations.

Mr. Epstein stated that the narrative invites comments in particular on two issues. One is the question of whether the regulations should be more specific. He said that Cambridge should recommend that they be more specific. Mr. Epstein stated that overall the regulatory scheme is not well thought out. The regulations should include more than what has been included in federal law for the last five years.

Mr. Epstein noted that this proposal comes at the same time that Commissioner Petrone is proposing another scheme that would take away the municipality's ability to contract with "overbuilders" like RCN, which is how Somerville achieved competition in cable.

Vice Mayor Galluccio suggested including in the consumer regulations a guarantee of competition, as a basic consumer protection.

Councillor Born asked about the proposed fines. Mr. Epstein pointed out in 11.05 (2) entitled "Penalties" it is not clear whether the language imposes a \$1,000.00 limit on the total fine to the cable operator or whether the \$1,000.00 limit applies to each separate consumer.

Vice Mayor Galluccio stated that it is important to treat these regulations as if they were the only protection, even if it is ultimately possible to get better protection through the re-franchising agreement.

Councillor Born asked how much latitude the City has in granting a renewal license and bringing in competition.

Mr. Epstein stated that there is not a lot of latitude about granting the renewal license. The law provides an expectation of renewal unless certain standards are not met.

Mr. Schlaver asked how much discretion exists regarding the length of time of the renewal. Could it be a five year period? Mr. Epstein answered in the affirmative. He said that with regard to the issue of competition, there is much more latitude. The law clearly allows for competition, and ultimately, it is better for the City to have competition.

Councillor Born asked if the industry opposes competitive franchising. Mr. Epstein said that franchising has to follow state regulation, and state law has always allowed competitive franchising.

Mr. Epstein noted the issues for municipalities of state control of franchising. One issue involves public ways, which must be torn up when a new cable is laid.

Councillor Born asked whether other communities are taking an interest in the issue of competition. Mr. Epstein stated that he represents many other communities and that they are all interested in promoting competition.

Vice Mayor Galluccio stated that people are asking now for more competition, but after they get competition the same people will be asking for the specifics related to infrastructure issues and franchising issues like a senior discount. It is important to protect local authority to be able to resolve these underlying issues. For example, Why do customers have to pay in advance? And why can't there be more shutoff protection? Vice Mayor Galluccio stated that he gets a lot of calls on both of these issues.

Mr. Schlaver stated that he would like to see the regulations require the kind of communication to customers that is required by the former Department of Public Utilities for gas, electric and telephone bills. Mr. Schlaver suggested that the City push to be equal partners with the state in their authority over the cable industry.

Vice Mayor Galluccio said that with regards to the consumer problems now being experienced, it is important to ask what will be different after these regulations take effect.

Mr. Epstein suggested requiring that procedures be specified.

Councillor Born asked whether it would be more powerful to collaborate with other communities on a response to this proposal. Mr. Epstein said that it would.

Vice Mayor Galluccio stated that he would like Cambridge's response to address the following issues:

1. Enforcement - How will it be different under these state regulations, (for example, issues of advance payment for service box return and penalties);
2. Billing and shut off - more protection;
3. Regulations must define what is a violation;
4. Local enforcement powers through consumer office, city solicitor and municipal cable office; and
5. Competition as a necessary consumer protection.
6. Protection of local franchising authority a

Vice Mayor Galluccio requested that Mr. Schlaver and Mr. Drisdell meet to draft comments to attach to this committee report for adoption by the City Council so the comments can be submitted by the City Council for the meeting on March 2, 1998.

Councillor Born expressed her interest in involving other communities in responding to these proposed regulations.

Vice Mayor Galluccio strongly agreed that Cambridge take a lead and communicate with other municipalities to give the suggestions more momentum.

Mr. Epstein suggested that Cambridge request that the Commission amend the proposed rules and send out another draft for review.

Councillor Born described her own recent experience with canceling services. Media One would not turn off the cable service for ten days. Her family was told to return the cable box within ten days. On the twelfth day when the box had not been returned, they received a bill for \$550.00 for the box. Last week she got a call from someone who said that he canceled the services that needed the "smart box" and was told that he was required to bring the box back to the Media One office.

Vice Mayor Galluccio stated that this should be addressed as part of the recommendation for new regulations. Customers should have the option of having the box picked up at their homes.

Vice Mayor Galluccio thanked all those present for their attendance. The meeting was adjourned at 11:45 a.m.

For the Committee,

A handwritten signature in cursive script that reads "Anthony Galluccio MD".

Vice Mayor Anthony Galluccio
Chair



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City Of Cambridge

Paul J. Schlaver
Executive Director

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TO: Margaret Drury, City Clerk
FROM: Paul Schlaver, Executive Director
DATE: February 25, 1998

RE: Recommendations regarding Cable TV Consumer Protection Regulations

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2. Require that the cable TV company places notices, both on the television screen at periodic intervals and also in the "bill stuffers," to cable customers indicating the complaint procedures to follow. The notices should include a telephone number and mailing address of the office within the municipality or the state office to which complaints can be filed about customer service problems.
3. That billing and termination procedures mirror to a considerable extent those currently in place for telephone, gas and electric residential customers. Specifically, Cable TV customers should be given 25-30 days to pay their monthly bill rather than, as now with Media One, receive a bill with a due date for payment less than two weeks later. The Department of Telecommunication and Energy (formerly the DPU) promulgates and enforces those regulations. The Cable Television Division is now located in the same department and thus can share resources in the DTE Consumer Division. Therefore, it only makes sense to have similar consumer protection standards.
4. If a service technician must visit the customer's home to install cable services, then upon the termination of service, retrieval of the rental equipment (the cable box and remote control unit) from the customer's home by the company must also be an option and so offered, rather than a requirement that the customer must deliver the equipment to the Cable company office.
5. The proposed enforcement provision set forth by the Cable Television Division lacks specificity as to what constitutes a "per violation" situation and it also does not also include the local municipal licensing authority with any enforcement powers but should.

The City of Cambridge wants to play an active role in monitoring cable TV customer services and enforcing standards set by law. The stated goal of maintaining local franchising authority and fostering cable television competition in Cambridge means that the City also wants to make sure that consumer protection regulations are strong, detailed, and relevant to the kind of concerns that Cambridge residents might have about their cable TV services.

City of Cambridge

The Cable TV and Communications Committee held a public meeting on February 20, 1998, beginning at 10:30 a.m. in the Ackermann Room for the purpose of discussing regulations proposed by the Cable TV Division of the Department of Telecommunications and Energy. (Attachment A)

Present at the hearing were Vice Mayor Anthony D. Galluccio, Chair of the Committee, Vice Mayor Kathleen L. Born, Mayor Francis H. Duehay and City Clerk D. Margaret Drury. Also present were Deputy City Solicitor Donald Drisdell, Paul Schlaver, Executive Director of the Cambridge Consumers' Council and Attorney Peter Epstein.

Vice Mayor Galluccio convened the meeting and explained the purpose.

Councillor Born asked whether she could begin by asking for some background information. She asked whether legislative action was required to enact the proposal now being considered. Mr. Epstein stated that the regulations can be adopted without legislative action.

Councillor Born asked whether the regulations were being proposed in response to complaints from the public like those about the practices of Media One. Mr. Epstein said he believes so.

Councillor Born asked how many cable operators there are in Massachusetts. Mr. Schlaver and Mr. Epstein stated that there are approximately six to nine.

Councillor Born asked if the industry is fighting the proposed regulations, and Mr. Epstein stated that he suspects that they will fight. However, he noted that in two of the three areas, the regulations mirror existing federal law.

Vice Mayor Galluccio asked what is the point, and whether this is an attempt by the Cellucci administration to appear consumer oriented while proceeding to attempt to take away local franchising control through other legislation.

Mr. Epstein said that there is a political context; there was strong criticism of the Governor's attempt last fall to cut back local regulations of the cable industry. He said that the one new thing in the proposed regulations is the first area, marketing to subscribers. It is already covered under state consumer law, but it may be useful to provide protection by regulation as well. Mr. Epstein said that his concern with the Cable Division is whether it will attempt to take over municipal powers.

Committee Report #1

1445

A communciation was received from
D. Margaret Drury, City Clerk,
transmitting from Vice Mayor Galluccio,
Chair of the Cable TV and Communciatons
Committee for a meeting held on
February 20, 1998 for the purpose of
discussing regulations proposed by
the Cable TV Division of the Dept.
of Telecommunications and Energy.

In City Council March 2, 1998

Report Accepted
PLACED ON FILE

ORDER ADOPTED