

Councillor Walsh said that in most cases, the "cost of service" computation results in a higher rate.

Mr. Marks and Ms. Hillcoate said that Continental Coblevision is attempting to comply with the FCC and get ready for competition. The issues which the company faces in preparing for competition are so enormous that the company cannot afford to waste time by making mistakes in the FCC application and then having time to spend fixing them. Continental is doing its best to comply with the regulations to move on to the issues related to the new competition.

Councillor Walsh thanked those present for their attendance. The meeting was adjourned at 7:03 p.m.

For the Committee

William H. Walsh DMD

Councillor William H. Walsh, Chair

City of Cambridge

The Cable TV and Communications Committee held a meeting on July 25, 1994, beginning at 5:30 p.m. in the Ackermann Room for the purpose of receiving an explanation from Continental Cablevision of the impact of the new FCC regulations and their effect on the cable TV rates in Cambridge.

Present at the meeting were Councillor William H. Walsh, Councillor Katherine Triantafillou and City Clerk D. Margaret Drury.

Councillor Walsh convened the meeting and explained the purpose. He said that the main problem is that people do not know what is going on.

Joyce Hillcoate, General Manager, Continental Cablevision, explained that there are two options for filing with the FCC: "benchmark" and "cost of service." The "benchmark" is a short form type of filing. "Cost of services" is a more exacting filing. Cambridge does a "cost of service" filing. "Cost of service" rates, which Cambridge has, will not be affected by the regulations. Continental Cablevision filed approximately 10 as cost of service out of 125 municipalities in Massachusetts.

Ms. Hillcoate said that Continental's rate application has been filed, reviewed by the Massachusetts Cable Commission and filed with the FCC. If any customers complain, an intensive review is undertaken. All customers were notified of the procedure to file complaints.

Councillor Walsh asked how many people filed complaints. Joyce Hillcoate responded that one person filed.

Steven Marks, Continental Cablevision, noted that some rates have changed. Joyce Hillcoate said that the cost of additional outlets and remote controls have decreased. She said that Continental Cablevision is asking for an increase in basic service.

Councillor Walsh asked how often Continental Cable would be filing for increases. Ms. Hillcoate said that there would be some automatic adjustments. She added that she expected that there will be a general adjustment in the basic rates in the fall.

Councillor Walsh asked about the elderly. Ms. Hillcoate said that the elderly discount previously in existence has been reinstated. It is for approximately 400

elderly who live in public housing. They will pay the same general adjustments as any other customer.

Ms. Hillcoate described the capital expenditures being made by Continental.

Councillor Triantafillou asked about the competition from other companies and how that will affect Cambridge's ability to extract franchising fees.

Ms. Hillcoate said that Continental Cablevision is preparing itself for competition. Direct Broadcast Satellite (DBS) is already here. For ten years, the cable industry must allow them to use cable programs.

Councillor Triantafillou asked how much revenue the City gets from Continental Cablevision. Joyce Hillcoate said it is 3.75% of gross revenue for the preceding year minus bad debt. Ms. Hillcoate said there are about 20,000 households hooked up to cable in Cambridge.

Councillor Triantafillou asked whether competition will result in prices going down. Ms. Hillcoate said that although it is hard to predict, the prices she has seen from the competition are somewhat higher.

Mr. Marks said that the satellite service is best for nationwide services, like sports or movies and worst for the most local programming. He explained that the next step in the competition is NYNEX, which has already announced its plan to offer service by the end of this year. They are using the coaxial cable system.

Councillor Triantafillou asked if the competition presented any danger to Continental Cablevision going out of business. Ms. Hillcoate said that this was a possibility.

Mr. Marks noted the rate questions and fairness of competition issues that are engendered by competition with the telephone companies. He added that there are also other technologies which will present challenges such as cellular telephone-based communication technology.

Councillor Triantafillou asked what will happen when the Internet grant from Continental Cablevision expires. Ms. Hillcoate said that the library can purchase services. Councillor Triantafillou asked how much it would cost. Ms. Hillcoate said that there are a variety of rates from \$100 to \$2,000 per month.

Mr. Marks said that he is very hopeful that Continental Cablevision will also be able to help the schools. The City's institutional network, a coaxial cable network installed when cable was initially installed already goes to the schools. He said that he would like to see Apple Computers at the school be able to dial up the library, and

thus gain access to the Internet. The issue is that this will tie up one of the library's machines.

Councillor Walsh then invited public comment.

George Copitas, Cambridge, said that he has two issues with Continental. The bills are subtly intimidating. The bill implies that the customer can be cut off if he or she doesn't pay at the beginning of the month, when this is paying in advance, an unfair business practice.

Councillor Walsh asked Ms. Hillcoate to describe the billing process. Ms. Hillcoate said that the bill for the services to be provided following month comes at the end of the month. Two weeks later, if the bill has not been sent, a reminder is sent. Shutoff of the services does not occur until 45 days after the due date.

Mr. Copitas then described his efforts beginning four years ago to persuade Continental Cablevision to establish a place where customers could pay their bills in person. Although Continental Cablevision was initially receptive to this idea, they never set up this kind of procedure. He said that finally, he canceled his subscription because of his disagreement about the requirement for payment in advance.

Councillor Triantafillou asked whether there was a way to make direct payments. Ms. Hillcoate said that as a result of Mr. Copitas' complaint, they established a place in Central Square where people can pay their bills, the check cashing store. It costs 60 cents, but the customer doesn't have to mail it, so the total cost is 31 cents.

Councillor Triantafillou asked whether they could make an arrangement with Purity Supreme, like the utilities do. Ms. Hillcoate said that this would be possible, but it would be an additional cost that would then be passed on to customers.

George Copitas said that the Food Co-op said it would accept payment. Councillor Triantafillou asked Ms. Hillcoate whether she would follow up with the Food Co-op, and she said she would.

Councillor Walsh asked whether a copy of the application to the FCC is available. Ms. Hillcoate said City Manager Robert Healy has a copy. Councillor Walsh asked the City Clerk to request that Robert Healy make copies of the FCC application available to the Cable Committee.

Councillor Walsh asked about the difference in rates between "benchmark" and "cost of service" jurisdictions. Ms. Hillcoate said that on a per customer basis, the costs are not very different.

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COMMITTEE REPORTS

5-344

Cable TV and Communications Committee
Report for a hearing held on July 25,
1994 regarding the impact of the new
FCC Regulations and their effect on the
cable TV rates in Cambridge.

In City Council,

August 1, 1994

8/1/94 Report Accepted

Placed on file