



CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139

TEL 349-4300

FAX 349-4307

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

September 29, 1993

Ms. Joyce Conry Hillcoat
Continental Cablevision
88 Sherman Street
Cambridge, MA 02140

Dear Ms. Hillcoat:

I want to reiterate the City of Cambridge's request to Continental Cablevision that the discount rate for seniors living in subsidized housing be reinstated. This discount is particularly important in Cambridge because it is targeted to the most needy among the seniors, those living in public housing. These low-income seniors have an extremely limited ability to pay higher cable bills, and are, therefore, likely to be unable to continue to access cable.

Our understanding is that the discount has effected approximately 400 households. Unlike a discount for all seniors in a community, the number of seniors in Cambridge living in subsidized housing and eligible for the discount, will not grow substantially. Since neither the City or the Cambridge Housing Authority has plans to add significantly to the elderly public housing stock, any loss Continental has to absorb in continuing the senior discount is limited.

In addition, the City continues to examine the License Agreement to determine if you are in violation of the notice requirements.

I urge Continental to reexamine its position on senior discounts. Access to cable for seniors, particularly those living in public housing, is an extremely important issue for the City.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Robert W. Healy".
Robert W. Healy
City Manager

RWH:ss:nb



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TEL 349-4300
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November 5, 1993

Ms. Joyce Conry Hillcoat
Continental Cablevision
88 Sherman Street
Cambridge, Ma. 02140

RE: Senior Citizen Discount

Dear Ms. Hillcoat:

I am following-up on my letter to you, dated September 29, 1993, regarding Continental Cablevision's decision to drop the discount being offered to approximately 400 senior citizen households in public housing in the City of Cambridge (the City). I emphasize the City's concern that these Cambridge residents, the most needy in the senior community, were being denied a relatively modest discount that might nonetheless allow them access to cable television programming, including the City's public, educational and governmental access programming. As you may know, many of these particular senior citizens do not have the physical or financial resources to get around and thus rely heavily upon cable television services. In my letter, I asked Continental to reconsider its decision and reinstate the senior discounts to those 400 households. I received no response to my letter from you.

As you know, the Cambridge City Council has scheduled a public hearing on Monday, November 22, 1993, at 7:00 P.M. to consider Continental's decision to drop the senior discount. At that time, the City Council will have questions about the discount for Continental representatives. Members of the public will also likely have questions for, and express their concerns to, Continental.

In my September 29th letter to you, I stated that the City was examining Continental's decision to drop the senior discount that it complied with applicable law(s). After our review, it is the City's belief that Continental was, in fact, required to provide

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Continental Cablevision
Senior Discount

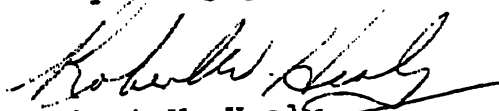
senior citizens with thirty (30) days advance, written notice that their discounts were being dropped. To this end, I am requesting that you document and verify, in writing, Continental's belief that it was lawful to drop the senior discount without the required 30-day notice. Continental should explicitly verify its position that i) the FCC preemption applied to dropping senior discounts and ii) Continental has not violated federal, state and local laws and regulations in dropping the discount without the 30-day notice. I would appreciate receiving Continental's written response no later than Monday, November 15, 1993, so that City officials have adequate time to review it prior to the November 22, 1993 public hearing.

In the City's review of this matter, we have discovered that there are a number of other Massachusetts cable television operators, including Continental, still providing a senior discount. In fact, many of these discounts appear to be broader in application and more generous than the discount offered in Cambridge. It frankly puzzles me why Continental would choose to drop very limited discounts to 400 needy, elderly households in Cambridge. I once again ask Continental to review its position on this matter and reinstate those discounts to the senior citizens in public housing.

In your response to me, would you also let me know exactly who will be attending the November 22, 1993 hearing on behalf of Continental.

I look forward to receiving Continental's response by November 15th. In the meantime, if you have any questions, please contact my assistant, Susan Schlesinger, at 349-4300.

Very truly yours,


Robert W. Healy
City Manager

cc: Donald A. Drisdell, Esquire
Deputy City Solicitor
Amos B. Hostetter, Jr., Chairman
Continental Cablevision

RWH/dls



93 NOV 15 PM 3:10
OFFICE OF THE CITY MANAGER

**Continental
Cablevision®**

November 15, 1993

HAND DELIVERED

Mr. Robert Healy
City Manager
City of Cambridge
795 Massachusetts Avenue
Cambridge, MA 02139

Dear Bob:

Thank you for your recent letter dated November 8, 1993, following up your letter of September 29. I apologize for not responding to your earlier letter before now. I was under the impression that we would be discussing the senior discount at the public hearing on November 22 and, with that date in mind, I have been reviewing the issue internally at Continental with district and regional management.

The principal effect of the FCC rate regulations has been to reduce Continental's overall revenue and cashflow and restrict future growth. In certain circumstances the rules do not allow a cable operator to make a "cost of service" showing if the rate setting formula or so-called "benchmarks" do not give the cable operator a reasonable return on its investment. Cambridge is one of the few communities where we have elected to pursue a cost of service showing. This process will allow us to justify higher than benchmark rates and maintain our regulated revenue at the level it was when rates were frozen in April of this year.

The FCC rate regulations which have reduced and/or capped revenue led us to make the very difficult decision to eliminate senior discounts in communities where we had voluntarily established them. Unfortunately, benchmark rate setting does not allow us to include the cost of providing a senior discount in the rate base. Although the FCC has not yet released its cost of service regulations, we do think we may be permitted to include the cost of a senior discount in our case supporting higher than benchmark rates.

Mr. Robert Healy
November 15, 1993
Page 2

Our decision to eliminate the senior discount in Cambridge was made under significant time constraints and regulatory uncertainty, the latter of which still continues to a fair degree today. Notwithstanding this uncertainty, we would be willing to explore reinstating the senior discount in Cambridge. We would like to discuss with you a policy which would retain the discount in cost of service communities such as Cambridge. After having a bit more time to formulate a policy on this matter, we believe the most equitable approach is to retain the senior discount in communities where we will be making a cost of service showing and eliminate them in localities with rates set at benchmark.

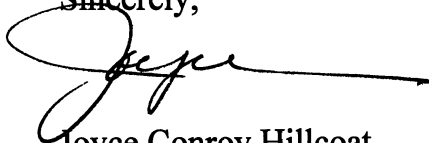
In considering this decision, however, I want to share with you our concern that, if at any time in the future Cambridge rates are moved to the benchmark level, we would want to maintain a constant policy with our other communities. I would welcome your thoughts on this point.

Regarding the thirty days' advance notice to drop the senior discount, we maintain that the FCC waiver applies. We are unable to provide you with a legal opinion on this matter at this time because our legal counsel is consumed with regulatory filings that are due November 15 at the FCC and November 19 at the Massachusetts Cable Commission. We will, however, send written communication to you as soon as possible, but in any event prior to our meeting on November 22. I thank you in advance for your patience in this regard.

I look forward to meeting with you and members of the City Council on November 22, 1993. Joining me that evening will be Ed Holleran, Vice President/District Manager and Susan Eid, Regional Corporate Counsel, as well as members of my management team.

Please do not hesitate to contact me if you have any questions or comments.

Sincerely,



Joyce Conroy Hillcoat
General Manager

JH/ms

cc: Ned Casey - Office of Cable Television
Susan Eid
Amos B. Hostetter, Jr.

Anne Dowling
Ed Holleran

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EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

November 22, 1993

To The Honorable, The City Council:

Please find attached several communications relative to cable television basic service and equipment rate regulation that I am submitting for your information as it relates to the 7:00 p.m. public hearing.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert W. Healy", is written over a horizontal line.

Robert W. Healy
City Manager

RWH/mev
attachments

Consent Agenda #8

F-224

Comm. from R.W. Healy relative to
cable television basic service
and equipment rate regulation.

Referred to 7PM Public
hearing

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In City Council November 22, 1993