

CAMBRIDGE CONSUMERS' COUNCIL

831 Massachusetts Ave. Cambridge, MA 02139

Tel. (617) 349-6150

349-6153

City Of Cambridge

Paul J. Schlaver
Executive Director

serving the
residents of:

Cambridge
Boston

TO: Robert Healy
FROM: Paul Schlaver
THROUGH: Benjamin Barnes
DATE: March 10, 1998

RE: Council Order #060, dated 2/23/98 RE: ISSUES WITH INTIMIDATING
PRACTICES OF MEDIA ONE

On February 25, 1998 Tim Murnane of Media One sent a response to this Council order directly to you and a copy to me. This followed a telephone discussion that I had with him in his capacity of Manager of Government Affairs for Media One. In that conversation he assured me that his company would, in fact, send a truck to pickup a converter box upon request if the customer was unwilling or unable to personally return it to Sherman Street. He also indicated, though, that no more precise prediction of a pickup time than "at any point in the entire day" could be committed, as opposed to the two hour window guarantee offered for installation of service.

He also indicated to me that the company has set a price of \$250 for the value of the converter box if it is not returned. If two converter boxes are due to be returned from the same household, the price would be the \$500 amount cited in this Council Order. He also indicated that this penalty charge only appears on the bill for the next billing cycle after the date the service is terminated and then the charge is cancelled when the box is returned. If the billing cycle is nearly at an end when the service is terminated, the next bill will show this penalty charge even if it is only a few days after the service was terminated.

The response letter also answers a question I raised on the telephone that was not part of the Council Order, namely, if a consumer has a *Smart Box* and then downgraded their services would the *Smart Box* have to be returned to Media One. The answer was that the return would be 'strongly encouraged.' It is disappointing given the fact that so much emphasis was placed on the benefits of having the *Smart Box* and the remote control device that accompanies it during the Media One marketing campaign. Many consumers, myself included, often add and subtract cable premium services in the course

of a year. Trips to Sherman Street or day long waits for the cable truck to pick up a converter box is a big price to pay for the periods of time consumers choose to downgrade their services.

The \$250 penalty fee for the failure to return or for loss of a converter box is disclosed to consumers in the printed information provided new customers. Continental Cablevision did have and now Media One does have this \$250 penalty fee policy and it is allowable under state regulations according to the state's Cable Television Division of the Department of Telecommunication and Energy.

It could be suggested that more disclosure should be offered verbally, when a consumer changes or terminates cable service, to highlight the potential for a penalty triggered upon failure to make a timely return. Also, I believe it would be reasonable to request that a notice be sent in the mail to the consumer confirming the change or termination requested. This notice should have clear instructions as to the options for returning the equipment (delivery to Sherman Street or a pickup by the company) and the penalty for failure to not do so. The City could certainly ask Media One to improve their practices along these suggested approaches.

This converter box return question is another example of a communication and disclosure problem the City and its residents/cable customers are having with Media One. It again points out the need to draw upon the thirteen years of experience that the City has had in its franchise agreement with the cable television industry and specifically in the recent months of experience it has had with Media One. Armed with this experience the City must decide what consumer protection requirements it seeks to negotiate and incorporate into the next franchising agreement. The City cannot rely on the Cable Television Division of the Department of Telecommunications and Energy to fully promulgate the necessary consumer protections it might deem needed for Cambridge cable television subscribers. I did, though, at the March 3rd hearing before that state body, advocate for the kinds of consumer services protections we seek to be incorporated into state regulations.

If either state regulations or the City's franchising agreement with Media One clearly spells out the customer service requirements that we find important to consumers, then we will have a direct basis to reference if a question of the legality, under consumer laws, arises. On this particular question raised in this council order, I believe that some follow-up discussion with Media One could improve their practices in the short run. In my testimony on March 3rd before the state Cable Television Division I did advocate for a possible new consumer service requirement involving the return of converter boxes. This question could also be considered in the renewal process the City is beginning to undertake with Media One.

Although the Council Order requested that this matter be presented to the Attorney General's Office, it is now clear that the Cable Television Division of DTE is the most appropriate state jurisdiction for such issues. As referenced above, that Division was consulted about this matter. The Council Order in question, this report and Media One's response letter could be forwarded to that office to help support the effort of the City to persuade that state office to promulgate strong consumer services protections.

Attachments: Media One response letter
Council Order #060

February 25, 1998

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

Dear Mr. Healy:

I am writing in response to the City Council resolution sponsored by Councilor Born on February 23rd that pertains to MediaOne's policy for remote cable converter boxes. I hope the following explanation clarifies MediaOne's equipment policy and clarifies that we are not in violation of any consumer protection laws.

- If a customer should decide to discontinue MediaOne service and they are in possession of a MediaOne cable converter box they are required to return the equipment to MediaOne upon the termination date. Should a customer not be able to visit our payment center at 88 Sherman Street MediaOne will schedule a day to pick-up the cable converter box at the customer's residence.
- If a MediaOne customer chooses to lower the level of service and they have a SmartBox, we do strongly encourage them to return this in exchange for a more suitable piece of equipment. The Smartbox is an expensive state-of-the-art cable converter which affords customers a variety programming and service options. As you can imagine the demand for such a piece of equipment is great and if a customer does not take advantage of the services associated with the Smartbox we would like to make that box available to customers who are interested in such a service. Please be assured that there is not a requirement to turn in these special boxes, but it is strongly recommended.
- If a customer does not return the cable box converter to MediaOne their next billing statement will reflect an equipment charge. Once MediaOne receives the cable converter within a reasonable amount of time we will remove the charge for the box from their billing statement. The \$500 dollar referenced in the Council's resolution was for two cable converters. This is a common and legal business practice for industries which lease equipment to its customers.

330 Billerica Road

Chelmsford, MA 01824-4193

(R. Healy P.2-2)

As always, should you have any questions please do not hesitate to contact me.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'T. Murnane', with a large, stylized initial 'T'.

Timothy G. Murnane
Manager of Government Affairs

cc: Paul Schlaver, Cambridge Consumers' Council ✓
Mark Reilly, Esq., Director of Government Affairs and Counsel



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

March 10, 1998

Timothy G. Murnane
Manager of Governmental Affairs
MediaOne
6 Campanelli Drive
Andover MA 01810

Dear Mr. Murnane:

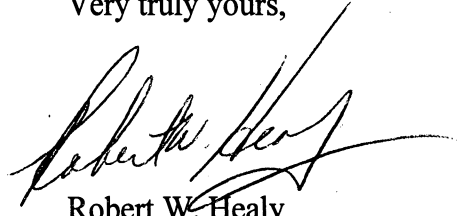
The City of Cambridge continues to seek resolutions to the various concerns raised about MediaOne's marketing, sales, and customer service practices. On February 25, 1998 you sent me a written response to the recent City Council Order focusing on the return of cable TV converter boxes and the potential penalty for not doing so. Your timely letter was appreciated, and I am now submitting a copy of it to the City Council. Along with your response I am submitting a report, on the converter box question, prepared by Paul Schlaver of the Consumers' Council. His report contains (see attached) some recommendations that I now ask MediaOne to give serious consideration.

Cambridge has a high concentration of elderly consumers, low-income consumers as well as citizens that do not have vehicles. While your February 25th letter indicates a willingness to arrange the pickup of a converter box when service is cancelled, a pickup "time window" of potentially an 8-10 hour day does not strike me as a reasonable accommodation to our citizens in need of such a service.

Secondly, I believe that the cancellation of services should trigger a separate bill statement and notice to the customer. This notice could include the statement of the right to request a pickup of the box and remote control unit, the time line within which this return must be accomplished, and the consequences (\$250.00 fee) if this is not done by a certain date. Of course, all this information should be first explained over the telephone when a consumer requests termination. I do not believe that the timeline for the "regular billing cycle" should determine when the threat or actual bill of \$250.00 arrives in a customer's mailbox.

I am respectful of the fact that your large company wants to streamline its business practices and systems with as much uniformity as possible. I believe, however, that the reasonable changes to MediaOne's practices, which we are proposing, will serve to protect vulnerable Cambridge subscribers from unnecessary alarm and inconvenience.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert W. Healy", written in a cursive style.

Robert W. Healy
City Manager

attachments

cc. Cambridge City Council
Paul Schlaver, Cambridge Consumers' Council
Mark Reilly, Director of Government Affairs & Counsel
John D. Patrone, Commissioner and Cable Television Director



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EXECUTIVE DEPARTMENT

ROBERT W. HEALY

City Manager

RICHARD C. ROSSI

Deputy City Manager

March 10, 1998

John D. Patrone, Commissioner & Cable Television Director
Department of Telecommunications and Energy
Cable Television Division
133 Portland Street, Suite 300
Boston MA 02114-1707

Dear Commissioner Patrone:

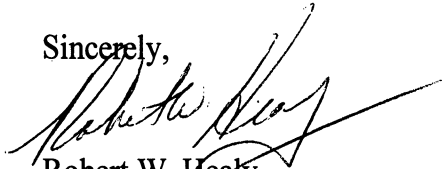
The City of Cambridge would like you to accept this packet of materials relative to a problem the City has had with MediaOne regarding customer services. While the attached report indicate that no legal violation appears to be present, the fact that this matter became a City Council Order for investigation indicates the level of frustration the City has recently experienced with our Cable TV provider. We did not face anywhere near the level of complaints over marketing, sales, and customer services when the Cable provider was Continental Cablevision, MediaOne's predecessor.

Paul Schlaver of the City's consumer protection office testified before you on March 3rd. This appearance was prompted by the frustration level we have faced with MediaOne and also because we want to clearly indicate to you that Cambridge wants to be an important voice in any potential regulatory action your division might take that could impact Cambridge Cable TV customers.

The City of Cambridge is beginning the franchise renewal process as we near the end of our original fifteen year cable license. It is our intention to make sure that MediaOne or any other provider of cable television programming to Cambridge residents offers adequate consumer protections, and we would like to work with your office to achieve that goal as far as possible.

Thank you for reviewing this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert W. Healy", written over the printed name.

Robert W. Healy
City Manager

attachments

cc. Cambridge City Council



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13.

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

March 16, 1998

To The Honorable, The City Council:

Please find attached a response to Awaiting Report Item No. 19, regarding a report on issues with intimidating practices of Media One, received from Executive Director of the Consumers' Council Paul Schlaver.

Very truly yours,

Robert W. Healy
City Manager

RWH/mec
Attachment

Consent Agenda #13

S-150

Regarding a report on issues
with intimidating practices of
Media One.

In City Council March 16, 1988

PLACED ON FILE