

Town of Wayland Cable Advisory Committee
Meeting Minutes of February 9, 2011
Selectmen's Meeting Room, Town Building

Members Participating:

Steve Allen (Chair)

Thomas Klem

Phil Radoff

Richard Turner

Member Absent:

Joe Schwendt

Guest:

Steve Correia (BoS Liaison)

Meeting opened by Allen at 7:35 pm

- Implementation of Comcast Renewal License:
 - Explanation of billings
 - Comcast added a 5.72% Access Fee to subscriber bills (in addition to continuing the previously-authorized Franchise Related Cost {FRC} of \$2.32). This resulted in additional income of ~\$50K, as shown in Comcast's 2/1/11 Rate Filing (FCC Form 1240). The Rate Filing shows that Comcast has applied this to reduce the charge for capital, effectively lowering that \$150K to \$100K (to be recovered in future FRC's). The new FRC, effective 5/1/11, is expected to be \$1.03.
 - Although there were initial complaints from subscribers, none have been received lately. The subscriber who wrote has been contacted and acknowledged that message, but has not called back.
 - An explanation of the billing has been drafted by committee members Radoff and Allen (with input from counsel) and will be sent to Frank Foss at Comcast, noting we will consider his reaction and that we will publish in two weeks if there is no response. The explanation is appended to these Minutes.
 - Verizon "PEG Grant Fee" (Access Fee) will drop from 5% to 4.6% on 3/1/11 to match the new Comcast rate. This is based on Verizon license - their rate of payment is to be no more than Comcast's renewal license.

- Status of Verizon License Amendment
 - In midst of 3-week public comment period, which ends 2/24/11.
 - It is expected that the Board of Selectmen (BoS) will consider the amendment at their 2/28/11 meeting.

- Status of conversion of Comcast School Subscriber drops to digital format
 - On the school side, Middle School and Happy Hollow will be converted first. Pat Morris (Facilities Manager of Wayland School Department) is coordinating with the school principals to determine the locations to be furnished with digital converters.
 - We hope to get Comcast help on these and later ones.

- Status of WayCAM Studio Relocation
 - The fiber-lease RFP is awaiting WayCAM response, due by 2/16/11.
 - Announcement for the RFP for studio relocation is expected to be published in this week's Town Crier.
 - WayCAM has hired architects Scott and Scott to design the new studio. The architects will choose and supervise the contractor to build out the studio.
 - WayCAM needs to be out of the current location by January 2012. Conversion of the Field House Weight Room to accommodate the new studio will not be completed until October 2011. This is a tight window in which to complete the switchover between studio locations.

- Status of the Two Additional Comcast PEG Channels
 - Frank Foss (Comcast) again replied to Steve Allen on Monday (2/7/11) that he would check and report back on when these will be implemented.

- Status of Verizon Municipal and School Subscriber drops
 - Verification of School installations by CAC still pending.

- Verizon Coverage Buildout
 - The Verizon license requires that FiOS buildout across Town be completed in 4 years (January 2012).
 - Two recent inquiries about availability of FiOS have been made by residents of "undergrounded" streets because they could not get a response from Verizon.
 - Sarkis Sarkisian (Wayland Town Planner) was able to get answers, ranging from Spring 2011 to Fall 2011 and the inquirers received responses.
 - When we have a Verizon representative meet with the Committee for a periodic update, we expect that status and plans for FiOS buildout in Wayland will be on the agenda.

- Status of Video Return over Town & School Municipal Area Network (MAN)
 - Leisha Simon (Director of Technology & Accountability for Wayland Public Schools) did not update CAC Chair Allen on project status.
 - SullyMac's executive summary on the MAN buildout is unclear on important design details.
 - Although the Town has signed the contract, SullyMac has not countersigned it as yet.

- We expect to obtain a copy after that countersignature.
- The contract includes all Phase 1 drops (all presently-active plus three more).
- Phase 2, after 7/1/11 to provide others but not yet new HS (nor pool from Town funds).
- Town to obtain quote from SullyMac for adding Video Return.
- WayCAM to participate in devising specs for that (and other vendors).
- CAC to act as facilitator in setting up Video Return.
- Delay in starting MAN construction sets up conflict with Comcast I-Net termination date of 30 April – the town may need an extension through June.

Meeting adjourned at 8:30 pm

Next Meeting: March 23, 2011

Minutes recorded by Thomas Klem

Wayland Cable Advisory Committee

Comcast Billing 2010 - 2011

Introduction - The Town of Wayland granted a 10-year Renewal License to Comcast in September 2010. Under the new license, subscribers have noted that the amount on monthly bills attributed to the support of local cablecasting (public, educational and governmental (PEG) programming) has increased substantially. Although the Cable Advisory Committee and the Town of Wayland do not have information to explain in detail how Comcast calculated the new charges, we can provide some information that subscribers may find helpful.

The 2000-2010 period - Under this license, the local cablecasting charges appeared as Franchise-Related Costs (FRC). Comcast's FRC were set to enable Comcast to recover all of its allowable costs over a period ending shortly after the end of the term of the license. In this period, Comcast's payments for PEG support were fixed, independent of Comcast's cable-related revenues. Under that method, all subscribers were charged the same amount, which we estimate as aggregating 3.5% of Comcast's subscription revenue in 2000, falling to an estimated 2% of Comcast's revenue by 2007, as revenues increased much faster than PEG support payments. These payments for PEG support were dramatically lower than the corresponding amounts paid by Comcast for local cablecasting support in other Massachusetts communities.

The 2010-2020 period - Under the new license, Comcast's payments for PEG support are no longer fixed amounts independent of cable-related revenues, but rather a fixed percentage of Comcast's cable-related revenues for Wayland, namely, 4.6%. This method of support is prevalent throughout the Commonwealth and matches the support now provided by the Town's other Cable Television licensee, Verizon. The effect is that Comcast no longer charges each subscriber the same amount for local cablecasting support, but now bases such charges on the amount of each subscriber's total cable bill.

Current Comcast rates - Comcast has chosen to add an Access Fee, currently stated as 5.72% of the subscriber's cable-related billing, to the previously-charged FRC. Comcast has filed for new rates, to take effect in May 2011, which are expected to lower the FRC from \$2.32 to \$1.03. Neither the Town nor the Cable Advisory Committee has received sufficient information to understand in detail how Comcast arrived at the 5.72%.

It is important to note that the Town has no authority to establish or approve cable rates, although the maximum rate for the lowest tier (Basic) service is limited by FCC and State regulations, based on a complex methodology created by the FCC. It is also important to note that, irrespective of the amounts that Cable TV providers itemize on their bills as FRC or Access Fees (which are technically portions of the lowest service tier rate), providers set both their overall subscriber rates and their itemized fees by exercising their business judgment and not necessarily by passing through all elements of cost to subscribers.

Future rate adjustments - In the required filing for setting new cable rates for Basic cable service, Comcast's actual income from subscribers during portions of the current and previous rate cycle are compared to the allowable income previously projected for the same periods. Differences in such income result in a "true-up", which lowers (or raises) future rates for all subscribers when actual recent income is higher (or lower) than projected income. In other words, Comcast subscribers who are currently experiencing a "bump" in rates will receive some benefit once the new filing takes effect in May.