

**TRIENNIAL REVIEW OF CABLE TELEVISION SERVICE  
PROVIDED BY MEDIACOM COMMUNICATIONS CORPORATION**

**PREPARED BY THE IOWA CITY TELECOMMUNICATIONS COMMISSION**

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**INTRODUCTION**

The Iowa City Cable Ordinance defines the primary concern of the Triennial Review is to ensure that "in particular whether the grantee is supplying a level and variety of services equivalent to those being generally offered at that time in the industry in comparable market situations." But historically it is clear the previous Telecommunication Commissions have also seen the Review as an opportunity to examine and appraise the performance of the current cable television provider.

The previous Triennial Review was conducted in 2003 and focused on examining issues related to the pending 2005 franchise renegotiations. For efficiency, it was decided in 2001 that the 2003 Review would merge the scheduled reviews of 1999 and 2003 into a "5th year" document as opposed to the routine 3rd and 6th year reports. For a variety of reasons, completion of the 2008 Review was delayed and for this reason it has been decided that this Review will merge the 2008 and 2011 Reviews in the same fashion.

Four areas of interest have been reviewed. These include:

1. **PROGRAMMING ISSUES:** The kind and diversity of programming currently being offered by the cable provider.
2. **FINANCIAL REPORT:** Financial issues including a comparative discussion of rates for programming, equipment rental and other services, the revenue derived from franchise fees and other franchise based agreements and the impact of the future conversion of Iowa City's municipal franchise into a state franchise.
3. **TECHNICAL REPORT:** An overview of the current technical state of the Iowa City cable system.
4. **SERVICE ISSUES:** A discussion of the quality of service provided to cable subscribers and other relevant groups in the Iowa City community.
5. **Summary Comments:** Summary comments by Iowa City Telecommunication Commissioners.

On completion of the Review, the Cable Ordinance allows the City Council the opportunity, based on recommendations from the Telecommunications Commission, to modify the franchise after the fact if an agreement has been made with the grantee to update or upgrade the cable service or technology. The Iowa City Telecommunications Commission, after careful consideration, has found no cause or reason to recommend change to the current cable franchise agreement at this time.

This Triennial Review will also serve to satisfy requirements of the Iowa City Telecommunication Commission's bylaws (Article VI Section 2) which state: "The Commission shall conduct evaluations of the system at least every three (3) years, with the grantee, and pursuant thereto, make recommendations to the Council concerning system improvements and amendments to this Ordinance or to any franchise agreement."

## I. PROGRAMMING ISSUES

Three "pressing issues" related to Mediacom programming were thought to be relevant in the most previous Review. These included "Maintenance of community access channels; the addition or subtraction of networks from the cable lineup; and procedures for more smoothly communicating lineup changes to subscribers."

### A. Access Channels

Currently the number and location of access channels on the Iowa City cable system is the same as existed in 2002. The 2005 franchise agreement provides for seven channels all located in the basic tier, including channels 4,5,10,11,17,18 and 21. Of these, two channels are city government, one channel library, one channel educational, one channel public, and two channels college level organizations.

All access channels are listed on the digital information bar with varied use by the different channels of the expanded information capacity available to provide program information. Pass through funds are currently being used to pay for expanded program information for the City Channels, the Library channel and PATV.

The creation of a State franchising process in 2007 created the eventuality of the statewide conversion of municipal franchises to less demanding State franchises. If such a conversion were to occur in Iowa City, it is likely that changes impacting on local access channels would also occur. Yet provision has been made in the State law to maintain the number of local channels currently available by providing that:

"...the holder of the certificate of authority for that municipality shall designate a sufficient amount of capacity on the certificate holder's communications network to allow the provision of a comparable number of public, educational, and governmental channels that the incumbent cable provider in the municipality has activated and provided in the municipality under the terms of a franchise agreement with a municipality prior to July 1, 2007."

In part, the creation of a State franchising process occurred to facilitate the potential of telephone companies to provide video service in competition with existing cable providers. Such services are often based on Internet Protocol Television (IPTV) delivery systems such as AT&T's U-Verse. This does raise some concern. Many reports of blatant discrimination against local access channels, such as "burying" access channels in hard to find computer like menus or low quality computer-like presentation formats have been reported in communities using IPTV. Complaints to the FCC about this process have yet to be addressed and pose a threat to the viability of local channels.

A desire by Mediacom to expand available digital transmission space in 2008 resulted in discussion between the City and the company regarding a move of some access channels to the digital tier only. This change would have required revision of the Iowa City cable franchise. But Mediacom abandoned talks and this change did not occur.

More recent discussions (December 2010) with Mediacom indicate that it is their intent to leave all access channels in Iowa City at their current channel positions and to provide these channels to customers in both analog and digital versions. This is dissimilar to the practice in many other Iowa communities where access channels are being systematically moved to digital only service and relocated in the "80s" channel locations, the so called "digital basic." At the same time, it should be noted that these "digital only" moves are concurrent with Mediacom's provision of free digital converters to all customers for all televisions in their homes.

### B. Channel Lineups

Appendix H of the current franchise agreement (see Appendix A) identifies eighteen categories of programming required to be available on the system. Examples of each program type can be found represented in the current lineup. But it is probably equally useful to review current channel availability in the more general guidance of:

"Franchisee shall provide a good mix of entertainment and information programming generally available to the cable television industry, taking into account the needs and interests of the population of the City of Iowa City." (§ 10 A)

In general, networks available on Mediacom's Iowa City channel lineup represent most of the top cable networks available with an acceptable mix of program types that might be expected.

At the same time programming being offered in Iowa City is consistent with other Iowa cities as it is currently Mediacom's policy to centralize head-ends and to provide the same national programming to all communities in their Iowa system. For this reason most cable network programming in Iowa City originates in Des Moines, most broadcast networks and their local affiliates' programming originates in Cedar Rapids and local access programming, with the exception of Kirkwood, originates in Iowa City. This system distribution strategy results in little opportunity for inequity in Mediacom programming offered in their various Iowa markets.

The basic tier is the City's main regulatory concern. Currently the basic tier is comprised of 19 channels. Eight (8) channels are broadcast/must carry channels; seven (7) channels are local access channels, one super-channel (WGN Chicago), one shopping network (QVC), CSPAN 1, and the Mediacom Channel, MC22, which originates in Cedar Rapids. Two (2) channels, 14 and 16, are no longer available on the basic tier. As an analog channel occupies space roughly equal to 12 digital channels, the space occupied by channels 14 and 16 on the analog tier have been allocated to digital only for HD and broadband use.

In the basic tier, "(t)he needs and interests of the population of the City of Iowa City," as stated above, seem dependent primarily on regulatory obligations, i.e. the must carry law and local access channels required by the franchise. These "local interest" channels represent 15 of the 19 channels of the basic tier. But it should be noted that Mediacom's MC22 also provides some local, regional and state coverage. And it might be said that the addition of the Big Ten Network to the lineup resulted from considerable community pressure, including loss of customers, expressing a strong community desire to ensure that University of Iowa sports programs continued to be available on the system.

Market considerations such as competition and programming cost, especially retransmission fees, might be identified as the most significant current influence on future channel selection for the lineup. A case in point is the recent and continuing surge of High Definition (HD) channels being added to the Iowa system to directly compete with satellite offerings. Unfortunately, a review of the new channels being offered seems to indicate a focus on quantity verses quality of program offerings.

At the same time programming cost are significantly increasing as broadcasters and other program providers are asking for considerable price increases for their programming. As to be expected, these retransmission and programming cost increases drive customer cost up as well. In addition, new non-traditional program viewing opportunities are emerging resulting in free or lower cost programming alternatives such computer based distribution models like "Hulu" and/or individual rental program distribution strategies like Netflix. Competition created by such alternative distribution strategies compromise the cable industry's potential customer share. Recent discussions with Mediacom representatives confirm their concern that the growing cost of programming and alternative viewing opportunities will continue to have a significant impact on their competitive position in the larger media marketplace and will significantly influence long-term goals for the company.

#### C. Communication of Channel Lineups

In this section the previous Commission report revisited customer communication issues related to the channel changes in 2002, irrelevant to this report. A more general discussion of this issue can be found in the Service section of this report under "Quality and Accuracy of Information Provided to Current and Potential Customers."

#### D. Leased Access

Though §X B of the franchise stipulates that the "Franchisee shall offer leased access channels at such terms and conditions and rates as may be negotiated with each lessee subject to the requirements of

Section 612 of the Cable Act," the franchise ordinance requires at §12-4-27 A that "The Grantee shall maintain at least one specifically designated channel for leased access uses." Currently no specific channel has been set aside, but Mediacom reports that it is prepared to negotiate leased access space on a case-by-case basis. No issues have been reported to the City related to leased access.

## II. FINANCIAL REPORT

### A. Consumer Rates

#### 1. Basic Tier

Television serves a central role in the information needs of citizens and for many is as an essential service as the telephone. All cable subscribers receive the basic tier service. For these reasons the City is committed to making the basic tier as affordable as possible. The City is certified to regulate rates for the basic tier (channels 2-22) pursuant to FCC rules and formulas. Basic tier rates have remained fairly stable since 2004 when the rate was \$11.75. The rate declined to \$11.48 in 2007 and again to \$10.94 in 2009. (See Appendix B, Chart A) The decline in 2009 can be attributed primarily to the conclusion of a 5-year period in which the public access operating subsidy plus interest were amortized. This practice ended in 2003 and since then has been properly recovered through the rate basis annually as an operational expense.

Mediacom's 2010 rate filing was approved by the City and raised the basic tier rate to an operator selected rate of \$12.95 with a maximum permitted rate is \$14.22. Mediacom's new rate structure was effective August 1, 2010, but Mediacom chose to implement the increase December 1, 2010. The 2010 rate increase can be attributed solely to Mediacom's retransmission consent fees being included in the rate base. In previous years Mediacom had, for some reason, not included those fees. Mediacom will recover retransmission consent fees for the period from April 2009 to December 2009 at a rate of \$1.42 per subscriber per month and for January 2010 to July 2010 at a rate of \$1.68. Although Mediacom has chosen to increase the basic tier by 18% rather than the permitted 30%, the \$3.28 difference can be recovered through the rate base beginning December 2012.

Iowa City basic tier rates are well below national averages but about average on a per channel cost. In 2005 the national average was \$14.14 for 26.4 channels (\$0.54 per channel). In 2008 it was \$15.18 for 26.8 (\$0.57 per channel). Iowa City rates in 2005 were \$11.75 for 21 channels (\$0.56) and \$11.48 for 21 channels (\$0.55 per channel) in 2008.

Basic tier rates are still well below Mediacom's basic tier rate for the unregulated adjacent unincorporated areas of Johnson County which has an identical channel lineup. That rate is \$25.95, a difference of \$13 per month. An estimated 11% of all Iowa City subscribers receive only the basic tier. In 2011 this group will save about \$308,880 compared to the unincorporated surrounding areas.

#### 2. Expanded Basic Tier

Mediacom's rate structure and channel offerings are typical of cable operators across the nation. The Federal Communications Commission's most recent report on cable TV prices show that in 2008 the expanded basic tier, the most commonly subscribed to service tier, averaged 72.8 channels at a charge of \$49.97 for noncompetitive systems. Iowa City rates in 2008 were \$54.95 for 77 channels. Mediacom's rate in 2011 is \$61.95 for 70 channels. A survey of rates across Iowa by the City Cable TV Office in May 2005 showed that in 2004 Iowa City's cost of \$0.61 per channel was about in the middle of Iowa systems and just slightly below the national average of \$0.6251. Per channel cost in 2011 is \$0.89. In the 2008 FCC rate report the per-channel metric is no longer used due to concerns with its validity as a means of measuring value to the consumer.

Between 2002 and 2011 rates have risen by \$25 or 68%. Adjusted for inflation, rates have increased by 49.4%. (See Appendix B, Chart A) Iowa City rates have consistently exceeded the national average. In 2002 Iowa City rates were 1.4% above the national average. Since then annual differentials have been

5.1%, 7.1%, 6.8%, 5.9%, 9.9%, and 10.7% respectively. In short, Iowa City rates are not only higher than the national average but also show an increasing disparity over time.

Mediacom officials repeatedly informed the City that the cost to acquire programming was increasing substantially during this time and was a major factor exerting pressure for higher rates. FCC data indicates that between 2004 and 2007 the national average for programming costs accounted for about a half of the increase in rates. Programming expenses increased by an estimated 6.9 percent, 8.3 percent, and 9.5 percent, respectively, for each of the three years. The monthly cost per subscriber for programming costs was \$12.46 in 2004, \$13.32 in 2005, \$14.73 in 2006, and \$16.09 in 2007.

Rates have been shown to be less in communities with competition from a second provider and in communities with a municipal cable provider. The May 2005 survey of Iowa rates indicate that municipal systems in Iowa are about 16% less than noncompetitive systems such as Iowa City. FCC surveys found that communities with effective competition from a second wireline cable operator rates from 2005 to 2008 were 23.3%, 18.3%, 11.5%, and 11.5% less respectively.

### 3. Digital Tier

The FCC analysis of digital tiers, defined as the most highly subscribed to digital tier plus the cost of equipment necessary to receive it, indicates that digital tier rates for Iowa City are somewhat less than the national average. In 2010 Iowa City rates were \$13 (\$10 plus \$3 for a converter) for 51 channels, or about \$0.26 per channel. In 2008 the national average was \$14.16 for 40.4 channels, or about \$0.35 per channel.

Converter box charges in Iowa City, subject to local rate regulation, are well below national averages. Converter boxes in Iowa City are \$3 (\$6 in unincorporated Johnson county) compared to a 2008 national average of \$5.10. If the Iowa City converter box rate were the 2008 national average, the digital tier rate would be \$15.10 or about \$0.29 per channel.

### 4. Equipment and Service Call Charges

The City also regulates charges for equipment rentals and service calls. FCC rules permit multi-system operators to calculate the maximum permitted rate for these charges using figures from a sample derived from all their systems. Thus, Mediacom's calculations are not determined by actual costs in Iowa City. Municipalities are not generally able to incur the cost and time it would take to verify the figures on the FCC form.

Iowa City rates for converter box rentals are less than the national average. In 2008 the national average was \$5.10. In Iowa City the fee was \$3.00, where it remains in 2011. In unincorporated Johnson County the fee is \$6. National averages were \$5.34 in 2007 and \$5.14 in 2006. Iowa City rates were \$5.60 in 2007 and \$6.60 in 2006.

Iowa City rates for service calls are very close to national averages. To install service at an unwired residence the national averages from 2006, 2007, and 2008 were \$45.99, \$45.84, and \$44.86 respectively. Iowa City rates were \$48, \$45, and \$45. To install service at a pre-wired residence the national averages were \$32.47, \$32.80, and \$32.36. Iowa City rates were \$32, \$29, and \$29. Mediacom has generally chosen to charge less for equipment and service charges than the maximum permitted rated allowed as calculated according to FCC rules.

## B. City Revenues

### 1. Franchise Fees

Mediacom pays the City a franchise fee of 5% of gross revenues. Franchise fees are collected directly from subscribers and are included as a line item on their bills. In 2002 the franchise fee amounted to \$570,906. In 2010 it is projected to be \$675,742. As previously noted, rates charged to subscribers have significantly outpaced inflation since 2002. However, adjusted for inflation the franchise fee has remained remarkably stable. Franchise fees are up about 1% since 2002. (See Appendix B, Chart B). This can be

attributed to a decline of about 2,000 subscribers during that time. (Some of the subscriber loss can be attributed to apartment complexes negotiating discounts with Mediacom and Mediacom counting those subscribers in a way that reflects revenue rather than potential viewers.) The City has closely monitored revenue streams subject to franchise fees. In 2007 franchise fees were not paid on all advertising revenues. Upon City notification Mediacom corrected the underpayment and about \$50,000 was recovered.

## 2. Local Programming Fee

The City collects a local programming fee of \$0.55 per subscriber per month. This amount will be increased to \$0.60 in August 2011. Prior to 2006 the fee was \$0.50. This fund supports the Community Television Service, community programming, and grants for local access channels. Due to declining subscriber counts the actual revenue collected fell slightly from \$114,325 in 2002 to \$111,754 in 2009. Projected revenue for 2010 is \$121,763 up nearly 9% over 2009. This increase in subscribers runs counter to the trend in Iowa City from 2001-2009 and the national trend of small subscriber losses year after year. Adjusted for inflation, the local programming fee has declined by 10% between 2002 and 2010. (See Appendix B, Chart B) Assuming no change in the number of subscribers, the increase of the fee to \$0.60 in 2011 will increase expected revenue to \$129,600, which, adjusted for inflation, is a 3% decline over 2002.

## 3. Public Access Subsidy

Mediacom pays an annual fee indexed to the consumer price index for support of public access operations. In 2010 the fee was \$216,091. If Mediacom elects to convert to a state-issued franchise upon expiration of the municipal franchise in 2018, this revenue stream will not be available to the City.

## C. Potential Financial Consequences of Changes in the Legal Environment

### 1. State-Issued Franchise

In 2007, the Iowa General Assembly adopted a State-issued franchising procedure. This law provides that if a video service competitor obtains a State-issued video service franchise for the Iowa City cable television market Mediacom, as the incumbent operator, can select to convert their municipal franchise to a less demanding State-issued franchise. In addition, and regardless of competition, at the end of the current cable franchise agreement, the cable provider may either choose to renegotiate their municipal franchise or may select to obtain a State franchise. In either case, a move of the incumbent cable service provider to a State franchise means that all provisions of the municipal franchise would be no longer valid, including those provisions that govern the franchise fee or other negotiated compensation.

In the event that a conversion to a State franchise occurred before the expiration of the current franchise agreement, both Mediacom and a competing provider would be required by State law to continue to pay franchise fees and other franchise based compensations. These payments would be the same amounts defined in the discontinued Iowa City municipal franchise until August 1, 2018, the date the current franchise would have ended. On that date compensation levels will change for though Iowa City will continue to receive a 5% franchise fee from all providers, the revenue subject to assessment will be redefined, resulting in an estimated 12% loss or about \$82,000 per year. Also, when the term of the current franchise expires in 2018, and presuming that Mediacom elects to obtain a state-issued franchise, the City can no longer require funding for public access services or the local programming fee. Currently this funding amounts to about \$338,000.

### 2. FCC Franchise Ruling

In November 2007 the FCC issued a Report and Order that retroactively applied a prior Order that stipulated that all compensation required by a municipality in a franchise agreement was subject to the statutory 5% limit. At that time, the City of Iowa City contributed to a coalition of municipalities and national local government organizations that challenged the Order in court. In October 2008, the U.S. Court of Appeals for the 6<sup>th</sup> Circuit ruled for the FCC and against municipalities.

The FCC did, however, expressly state that the new Order did not give cable operators the right to unilaterally breach existing franchise obligations and hoped that franchising authorities and cable operators would “work cooperatively to address those issues.” Nonetheless, the FCC did not provide any guidance on how to reconcile their Order with existing franchise agreements, presumably leaving the issue to the courts. As far as can be determined no legal challenges to existing franchises agreements based on the 2007 Order have been initiated in any jurisdiction.

### III. TECHNICAL REPORT

#### A. Overview

Since 2003 cable TV technology has rapidly advanced. Digital transmission, new in 2003, will entirely replace analog transmission by Federal mandate in 2012. In 2003 programmers providing channels in high definition were rare and Mediacom was just beginning to offer them. Today, high definition is quickly becoming the norm. In 2003 the plant had just been upgraded to 860 MHz from 550 MHz, adding about 35 channels. There are no current plans to increase the plant beyond 860 MHz. Today, the expanded basic tier offers about 70 channels, 15 digital basic (included in basic tier and available to televisions with a digital tuner) a 51 channel digital tier, a 10 channel digital sports tier, 41 premium movie channels, 8 pay-per-view channels, 28 high definition channels included in the expanded basic tier, and 7 high definition premium movie channels. System channel capacity limitations will nearly be eliminated in 2012 when all signals are digital.

During this period of major technological change, Mediacom has generally kept pace with other cable operators across the country in implementing new technologies, generally introducing these technologies after early adopters proved them in the marketplace. However Mediacom has had its challenges in implementing new technologies, encountering a number of persistent technical problems in 2008 and 2009. Synchronization problems between images and sound, digital pixilation, sound level variations, poorly functioning "video on demand" service, and the loss of channels were common across the system. These problems have been addressed and the overall signal quality seems to have stabilized at a level comparable to that before the digital transition began, with a concurrent decline in the number of related complaints to the City Cable TV Office.

#### B. Technical Review

Federal Communications Commission rules codified at C.F.R. §76.605 require cable operators to conduct periodic technical tests. Mediacom's franchise agreement with the City requires them to supply a copy of the test results to the City as well as other documents needed to make an informed evaluation of Mediacom's technical performance. The City made a formal request to Mediacom to provide the documents that could be required under their franchise agreement in a letter sent September 30, 2008. Mediacom supplied copies of those test results on January 9, 2009. The City requested additional information by email on November 25, 2008 and again, for the same information, on January 9, 2009 and June 30, 2009. Mediacom did not respond to those requests.

#### C. Signal Leakage

The test data provided indicate that Mediacom has conducted the required testing and has met the minimum FCC standards. Two tests to be done at the head-end in Cedar Rapids were not included, however there is no reason to believe the test were not done or did not meet FCC standards.

The FCC requires cable operators to file FCC Form 320 annually in which requires cable operators to report any significant signal leakage and to document ongoing testing for leaks. Mediacom has filed those documents with the FCC, which are available on the FCC website. Mediacom has made improvements in their Cumulative Leak Index (as measured for the Iowa City, Coralville, University Heights, Hills, and unincorporated Johnson County system) over the past few years and despite a few isolated large leaks, the system is basically tight.

## D. System Design

Mediacom's franchise agreement with the City requires the system be designed to certain specifications. One specification requires that there be no more than 500 subscribers per node. The number of subscribers per node is perhaps more significant for Internet service than video service because the more subscribers using the Internet service per node results slower speeds. As the demand for bandwidth grows, the need for fewer subscribers per node increases.

Mediacom's FCC Form 325 for 2006 (the last year the FCC made this information available) indicates Mediacom had an average of 830 subscribers per node for the Iowa City area system, which includes neighboring communities. A review of the plant map in 2008 showed there were 58 nodes in Iowa City. That would indicate about 263 subscribers per node. The franchise agreement also requires the system to be designed so there are no more than 5 amplifiers in a cascade. The review of the current system map found no amplifier cascades of 5 or more.

## E. Subscriber Drops

Most of the plant that carries the signal to subscriber drops has been replaced since 2003. The oldest and most vulnerable part of the distribution system is individual subscriber drops, particularly the connectors. Replacement of drops and connectors is not systematic and occur mostly when a problem is encountered. Old connectors are a common source of deteriorated signal quality. Subscribers can often improve their signal quality by ensuring a tight fit for connectors or replacing old connectors. Subscribers can check the quality of their cable drop if they have Internet service from Mediacom. For details see Appendix C.

## F. Adherence to Industry Standards

The American National Standards Institute and the Society of Cable Telecommunications Engineers has developed a standard for the digital transmission of cable television signals. Mediacom did not respond to requests for information asking if they were meeting this standard.

High definition transmissions vary in quality depending on the standard utilized. Mediacom compresses high definition signals at a 3:1 ratio, which maximizes signal quality over higher compression ratios other cable operators use. Mediacom also did not respond to requests for the high definition standard they use.

## G. Subscriber Equipment

### 1. Converters

As cable television technology transitions to digital transmission, set-top boxes and converters will play an important role in subscriber's viewing experience. Interactive features, such as an interactive program guide, pay-per-view, video on demand, and program recording depend on rented set-top converters. At this time any cable television service other than the basic tier (channels 2-22) and the Family Package (channels 2-78) requires a converter or a television with a digital tuner. After 2012 those customers without a digital tuner in their television set will need a digital to analog (DTA) converter. Mediacom has indicated they will provide as many DTA converters a subscriber needs free of charge. Though Mediacom no longer offers analog transmissions to new customers, they have decided to continue to maintain the analog delivery system in Iowa City. Converters utilized by Mediacom are similar to those deployed by other cable operators across the county.

### 2. Digital Video Recorders

Mediacom, like other cable operators, were unable to keep up with demand for digital video recorders for some time after the service was first offered, with demand outstripping the ability of manufacturers to supply them. Digital video recorders are now usually available to any subscriber wishing one.

## H. Bandwidth

Mediacom's cable-infrastructure supports high-speed Internet and telephone services in addition to cable TV. But Federal law does not allow City's to oversee Internet and telephone services. For this reason, this review does not directly address those services. Nonetheless, it should be kept in mind that the allocation of system bandwidth to one service impacts the amount of bandwidth available to another. Until 2012, when all video transmissions will be digital, Mediacom faces potential shortages of bandwidth necessary for all of the services they are attempting to offer. And for this reason, some related issues should be considered.

Providing high definition signals has been a recent priority for Mediacom, in part, to enhance their competitive position with satellite providers who face few limitations on their ability to transmit high definition programming. Due to limited available bandwidth and a difference in technologies, Mediacom has been unable to provide as many high definition channels as satellite providers. In general, satellite providers and fiber to the home providers offer over 100 high definition channels. But according to a recent report, Mediacom only offers 35 high definition channels to at least 50% of their subscribers (wide distribution) and another 14 HD channels to fewer than 50% of their subscribers (limited distribution). Compared to the nation's top ten cable operators Mediacom ranks 4<sup>th</sup> for wide distribution but 9<sup>th</sup> for combined wide and limited distribution. The mean for combined distribution for all operators is 79. Mediacom offers 49. Until more bandwidth is available Mediacom will trail nation averages for the number of high definition channels they offer.

In addition, in September 2008, Mediacom indicated they would like to upgrade their high speed Internet to the DOCSIS 3.0 standard which could provide theoretical download speeds of up to 100 megabits. But to initiate this service, Mediacom would need to allocate bandwidth equivalent to three analog channels. Mediacom approached the City with a proposal to move some or all of the community access channels, which occupy seven analog channels, to the digital tier to make this bandwidth available. The City researched the proposal, discussed it with the access channels, and engaged in negotiations with Mediacom. By November 2009, the outline of an agreement was in place. Shortly thereafter Mediacom informed the City that they had abandoned their proposal to Iowa City in favor of the launch of a 105-megabit service in Waterloo. Alternatively, in March 2010 Mediacom upgraded the Iowa City system to offer a 50-megabit DOCSIS service in Iowa City. This was made possible by the recovery of bandwidth of two analog broadcast channels in the basic tier.

In an effort to increase available bandwidth, Mediacom informed the City of Iowa City in December 2010 that it intended to convert the Iowa City system, and other systems in the State, to all digital transmission during the month of March 2011. To transition customers who still own analog televisions and who subscribe to the Family Tier, Mediacom is providing digital converter boxes at no cost and for no monthly fee. Current basic tier customers in the Iowa City system will continue to receive channels 2 through 22 on analog television sets without a digital converter box, at least for the time being. Analog service is no longer an option for new customers.

## I. Unfulfilled Franchise Provisions

Mediacom has not been asked to comply with some technical franchise provisions. Mediacom is obligated to provide optical transmission equipment for the access channels so they can transmit an optical signal to the local head-end for distribution on the system. This equipment will be requested prior to the conversion to all digital transmission. The City can also request the construction of three local access origination points downtown on a cost-sharing basis with Mediacom. Due to the high cost of this construction, this opportunity has not been acted on.

## IV. SERVICE ISSUES

### A. Ease of Access to Service Representative

It was reported in the last Triennial Review that, "After considerable busy phone signal problems and related subscriber complaints, as of fall 2002, telephone access to local service representatives appears

to be good and scheduling of repairs within 24 hours is being offered." This statement would not accurately describe the current state of access to service representatives for Iowa City customers.

The primary method offered customers to report a complaint is an "888" number that can be found on current billing statements or by calling the "local" Mediacom number, which in turn directs the customer, by recording, to call the "888" number. This number connects customers to a call center and through a series of recorded touch-tone instructions or, more recently with an interaction with a computer based voice response system, will try to deal with the customer's problem. Eventually this system might connect the customer with a service representative, though customer complaints consistently report difficulty in reaching a "live" service representative.

A "frequently asked question" system is also available on the company's website.

Of complaints received by the City Cable TV Office, problems and frustration with the call center service system and/or its representatives is often a primary or major secondary issue with customers. Such problems as incorrect information, rude behavior, confusing and complicated touch-tone menus and long periods of being on hold after connecting are frequently reported. In addition, call center service representative's understanding of local conditions and requirements are often limited. More recently reports of language problems have followed Mediacom's use of an international call center during late night periods.

The Mediacom "Complaint Policy" in the "Subscriber Policies and Privacy Notice" states that to file a complaint a customer "must call or write" the company using the contact information on the monthly statement. The telephone number provided on the statement is, again, the Call Center number but no mailing address is provided except that of the payment center. Instead, a web address is provided. The heading for this section on the statement is, "How to reach us" and in no way indicates that complaints can be made using this contact information, referring instead to the contact point as "customer support." It is also stated in the official "Complaint Policy" that if other contacts can not resolve the problem, then the complaint can be sent to an alternative address in Middletown, New York, with the promise that "Mediacom will make every effort to resolve the problem within 10 business days of receipt of the letter."

The Mediacom web site related to the Internet address provided on the monthly statement seems mostly focused on promotions for sale of services. There is a button option to "contact us" which takes the customer to a screen that allows Internet contact with the company and states, "Send us your questions and comments using the form below. Your request will be processed in the next 24 hours and you will receive a response within 2-3 business days." This is clearly not focused on immediate problems. An information box also available on this page again provides the general call center number.

Local alternatives to reach Mediacom about repair or service issues are very limited. The local business office may be able to help with some billing problems if visited in person but it cannot be reached by phone and does not process complaints about any issue.

It should be noted that though the local business office fulfills FCC standards, it might be questioned if the office fulfills the franchise requirement in §XIII B which states:

"Franchisee shall also provide personnel, telephone service, including a locally listed telephone number, and other equipment, as needed within the area, to ensure timely, efficient and effective service to consumers and for the purpose of receiving inquiries, requests and complaints concerning all aspects of the construction, installation, operation, and maintenance of the system."

The franchise requirements in § 12-4-32 of the Cable Ordinance further defines and specifies Mediacom's obligation in subsection A and B as follows:

*Business office staffing:* ... The **business office shall maintain a staff adequate to process complaints, requests for installation, service or repairs**, and other business in a timely and efficient manner. Grantee shall add additional telephone lines and service representatives when existing lines are substantially utilized or **when patterns of subscriber complaints reflect a need for additional service employees.** §12-4-32 A. (bold added) and;

**"Telephone service: The Grantee shall have a listed, locally-staffed telephone number for service calls available twenty-four (24) hours a day, seven (7) days a week. Said number shall be made available to subscribers and the general public." §12-4-32 B. (bold added)**

#### B. Effectiveness in Responding to Valid Complaints:

In the last Review, the Commission identified a need for automatic rebates from Mediacom for lost service. This change was not accomplished in the current franchise. Instead, provision was made to provide a "credit" for service lost in excess of 4 hours "at the subscriber's verbal or written request." (§VIII H.) An additional requirement that, "the Franchisee shall provide written notice to subscribers' quarterly of the availability of credits for outages" was also included in the current franchise, but no evidence has been found that Mediacom is complying with this requirement either in independent mailing, on their billings or in their customer information packets.

The previous Commission also recommended in this section a provision for "regular, comprehensible reports from Mediacom concerning the frequency and nature of complaints." This recommendation seems to have been realized in §XIII F of the current franchise which states, "Franchisee shall provide to the City annual management data, including data from any service centers used by the Franchisee related to compliance with the FCC's Standards for Customer Service." No substantiation that the City has received such reports has been found.

#### C. Quality and Accuracy of Information Provided to Current and Potential Customers

The intent of this Review section seems clearly to deal with the need for Mediacom to effectively communicate to subscribers distinct changes in service as opposed to start up or annual information requirements already specified in the franchise. Yet no provision that clearly identifies, defines, or specifies the appropriate consumer information process was included in the current franchise.

Some guidance does exist in the Cable Ordinance at §12-4-16 where provision is made for public notification when it is stated that, "Grantee shall notify the City and **subscribers** in writing at least thirty (30) days prior to the implementation of any **change in services offered**, rates charges, or terms and conditions related thereto." **But changes in networks or programming are not considered.** (bold added)

At the same time, the current franchise does require Mediacom to comply with FCC customer service obligations (VIII F) which provides at § 76.1603, "Customer service—rate and service changes":

(a) A cable franchise authority may enforce the customer service standards set forth in paragraph (b) of this section against cable operators. The franchise authority must provide affected cable operators 90 days written notice of its intent to enforce standards.

(b) Customers will be notified of any changes in rates, programming services or channel positions as soon as possible in writing. Notice must be given to subscribers a minimum of thirty (30) days in advance of such changes if the change is within the control of the cable operator. In addition, the cable operator shall notify subscribers 30 days in advance of any significant changes in the other information required by § 76.1602.

But the "standards" then limit Mediacom's notification obligation as follows:

(e) To the extent the operator is required to provide notice of service and rate changes to subscribers, the operator may provide such notice using any reasonable written means at its sole discretion.

For the most part, "reasonable written means" can be defined in Iowa City's experience as a note on the billing statement, in limited text size, with a brief message. Complaint experience indicates that customers do often not see such messages.

#### D. Effectiveness in Dealings with Iowa City Cable Administrator and ICTC

As the title of this section indicates, the previous Triennial Review expressed both specific and general interest in the relationship between the ICTC and Cable Administrator with Mediacom. For the purpose of this Review, it would seem that the following section of the previous Review best summarizes what can be considered this ongoing interest:

"Every effort should be made to plan...changes in consultation with the City and the Commission and to publicize them widely. Planning should include a significant degree of advance consultation with the Commission, rather than notification that then necessitates quick responses when problems are identified."

In general, the Mediacom representative to the Commission has made an effort to keep the City and the ICTC informed of changes. But little effort has been made by all parties to collaborate on providing information to customers.

#### E. Additional General Issues of Franchise Compliance

The following are some general service related issues not addressed in the previous Review.

1. Service to Local Access Channels: All local access channels, including the University of Iowa and Kirkwood Channels, were contacted and questioned as to their "service" experience with Mediacom. Each channel reported exceptional support from local Mediacom staff for a variety of technical and general service related issues.
2. Contact numbers: Section 12-4-31 H of the Cable Ordinance requires display of the business office address and publicly listed local telephone numbers by means of alpha-numeric display on a local origination channel. No such screen exists.
3. Provision of Lockout devices: §12-4-31 of the Cable Ordinance provides for lockout devices for cable subscribers. Mediacom currently does not provide such devices due to a general shift to television set channel lockout as an industry standard. Digital boxes also provide channel lockout ability.
4. Two hour service appointment window: Section XIII M of the franchise requires Mediacom to schedule service appointments in two-hour windows. In September of 2008 it was discovered that Mediacom was not complying with this provision. In part it was claimed that it was the result of the use of call centers that normally schedule in 4 hours blocks consistent with FCC requirements. The City challenged this practice and was assured that two-hour windows would be offered to Iowa City residents. A recent complaint reported that only four hour windows had been offered for each of the four times the customer had scheduled an appointment. Mediacom has been requested to inform their call centers of Iowa City's special circumstances. This practice is being monitored.
5. Service to Camp Cardinal Road and the Showers Addition: The current franchise has cited as exceptions to the requirement that all sections of the City receive cable service areas know as Camp Cardinal Road and the Showers Addition. Currently the area near Camp Cardinal Road, including an extension of the Road, has been cabled for service. But the original road has not cabled. The Showers Addition is not longer at issue as the City has now identified this area for use as parkland.

#### V. Summary Comments of Commissioners

1. Hans Hoerschelman, Chairperson Iowa City Telecommunications Commission

First I would like to acknowledge the efforts of the City Cable Division staff in the creation of the Tri-Annual Review. Their diligence and persistence brought this document to fruition and their responsiveness to the questions posed by both the ICTC and the public made sure that the content of the review would be of benefit to all.

As evidenced by the sentiments expressed at the public hearing and by repeated complaints to the City

Cable office, customer service continues to be the area of concern with regard to compliance with franchise requirements. The lack of knowledge of local conditions and the apparent disconnect between sales, customer service and local 'in-home' technicians is disturbing and without correction will no doubt further the distressed relations between Mediacom and their Iowa City customers. The ICTC and the City Cable office should increase awareness of the City Cable office's complaint resolution mechanism in order to better gauge the seriousness of customer service issues, as well as to help consumers resolve their conflicts before giving up out of frustration. The value of having the 'City' option available cannot be understated, both for consumers and for the franchise parties.

The current franchise has been beneficial to the city and to the Iowa City Access community, and will hopefully continue to do so until the stated expiration of the franchise in 2018. However, it is my belief that the City should be very mindful of the transitioning media landscape. As cable companies transition to fully vertically integrated communications and content conglomerates, the prospects for competition in wire-line services will diminish, not just in cable television, but also in phone and Internet services as well. I would urge the City, and the consumer public at large, to begin a dialog now about what part they believe the municipality should have in the future of electronic communication and to set realistic goals in furtherance of that agenda.

Again, many thanks to the City Cable staff and to the other members of the ICTC for their efforts on this review.

## 2. Laura Bergus, Vice Chairperson Iowa City Telecommunications Commission

Below are my individual comments on the triennial review process. These are based on my observations as a relatively new Iowa City Telecommunications Commissioner with a background in dealing professionally with Mediacom, as I provided staff support to the North Liberty Telecommunications Commission from 1998-2008.

As part of the triennial review process, the Commission held a public hearing, seeking input on Mediacom's service and system. Surprisingly, there were very few complaints, although those who came were passionate in relaying their grievances. There we were reminded that many people view cable television as a necessary utility, more akin to water than to entertainment. This is a helpful perspective if the City contemplates a broader vision for residential telecommunications services.

Another revelation from the public hearing was that subscribers generally do not understand the regulatory position of the City in relation to the cable provider. When our future regulatory authority is uncertain, as it is now with statewide franchising, we must work to inform residents why the Commission exists and how City staffs interface with the cable operator. For example, we are unable to regulate rates of cable services, besides the most limited, basic tier. Therefore, the majority of our interactions with Mediacom are based on cooperation and good-faith requests, rather than enforcement of rights. We should anticipate the well-founded response to this reality: "If you can't force Mediacom to change, what's the point?"

The point of the Telecommunications Commission, of the Cable Administrator, and, in large part, of this process of triennial review is to maintain and leverage open communication with the cable operator. We may not be able to hold Mediacom's feet to the fire to the extent some subscribers wish, but the value of our relationship is reflected in very low basic cable rates and improving customer service. During the public hearing, one subscriber pointed out angrily that the City has a "hotline" to Mediacom, while average subscribers do not. What she meant was that our staff has the connections to make sure problems is addressed, promptly. This was a helpful reminder that our job is one of an intermediary, and at that we do excel.

Subscribers may dislike the limitations on the role the City may play, but we have never shied away from asking more of Mediacom than they are required to provide. Our role provides valuable pressure to continue to improve customer service and comply with franchise requirements. There is no doubt Mediacom knows we are watching, and we are advocating for subscribers who might not have the time, knowledge, or resources to do so on their own behalf.

Overall, this periodic review of the cable system and Mediacom's service establishes an important baseline by which to compare past and future cable issues. This survey is also a useful means to educate Iowa City's cable subscribers and ourselves. I'm grateful that my service on the Telecommunications Commission has coincided with this review.

### **APPENDIX A**

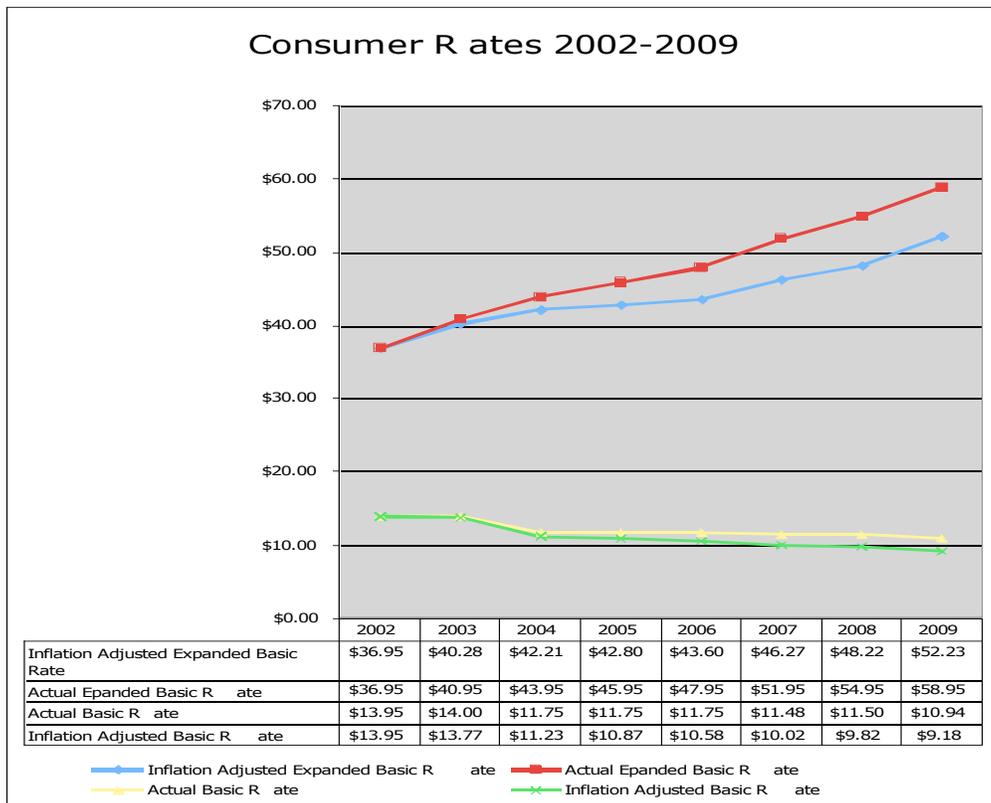
#### **Programming description attachment, Appendix H current franchise.**

##### Programming Categories for System-Wide Programming

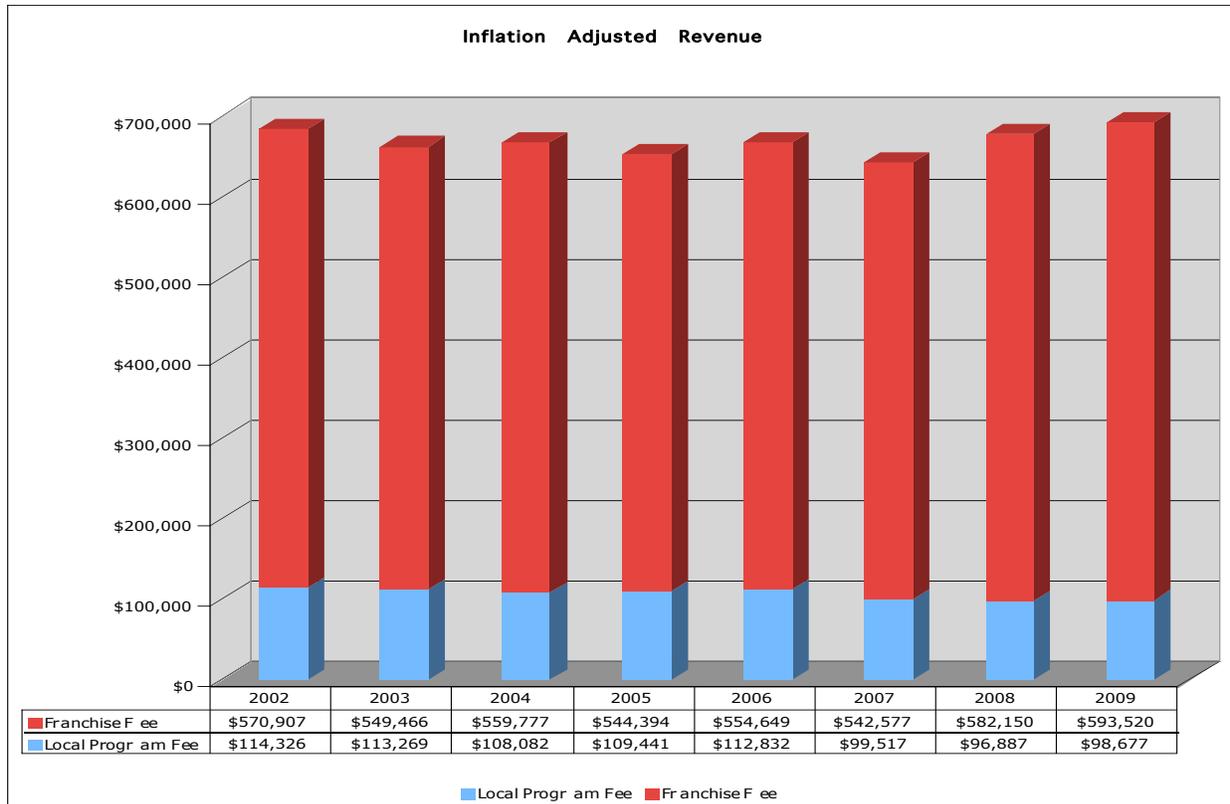
Science Fiction Programming  
Religious Programming  
Cartoon Programming  
Federal Government News Programming  
Educational Programming  
Pay Per Channel and Pay Per Program Programming  
International Programming  
Women's Programming  
Do-it yourself and Self Improvement Programming  
Children's Programming  
News Programming  
History Programming  
Comedy Programming  
Music Programming  
Sports Programming  
Arts Programming  
Black Entertainment Programming  
Hispanic Programming

**Appendix B**

**Chart A**



**Chart B**



**Appendix C**

Subscribers to Mediacom’s Internet service can test the quality of their line by going to a diagnostic website located at <http://192.168.100.1>. Click the diagnostic link on the left side of the page and the following screen will come up.

**THOMSON** Modem Technical Details Status Page  
This page will auto-refresh periodically.

[Main](#)  
[Diagnostics](#)  
[EventLog](#)

Status Code: Operational  
Software Version: ST52.05.49  
Software Model: a806  
Bootloader: 2.1.6d

**Cable Signal Details**

Forward Path:	Return Path:
Signal Acquired at 111.000 MHz	Connection: Acquired
SNR: 35.3 dB	Frequency: 25.0 MHz
Received Signal Strength: -5.8 dBmV	Power Level: 53.0 dBmV
Bit Error Rate: 0.001 %	Channel ID: 1
Modulation: 256 QAM	Modulation: 16 QAM

**Data Service Details**

Provisioned Address: Yes  
Provisioned Time: Yes  
Provisioned Configuration: Yes  
Registered: Yes  
BPI: Disabled

Forward Path SNR should be greater than 25dB.

Forward Path Received Signal Strength should be between -8.0 dBmV and 8.0 dBmV

Return Path Power Level should be less than 55 dBmV

Levels outside these parameters indicate problems with your line. You should contact Mediacom to send a technician for repairs.

Often times line problems are caused by poor or failed splitters. For more information visit:  
<http://www.dslreports.com/faq/3332>