

Speak Up for Community Media and CTV North Suburbs

Mark your calendars for Thursday, April 17, at 6:30 p.m. That evening in the Shoreview City Council chambers, one day after the Volunteer Recognition Awards, you will have an opportunity to comment on the formal franchise renewal proposal submitted by Comcast on December 20, 2013. It is critically important that you show up and that you go on the record with your support of community media in our ten cities. But first, I invite you to review a copy of Comcast's proposal on our website: www.ctvnorthsuburbs.org/comcast/COMCAST_FINAL_PROPOSAL_FOR_RENEWALpublic-Redacted.pdf. Public, Educational, and Government (PEG) channels starts on page 71 of the proposal, and PEG funding starts on page 75.]

Let's talk about PEG funding. Under the existing cable franchises for the 10 member cities, Comcast pays annual grants to CTV North Suburbs to help fund operating expenses and asset acquisitions, such as cameras and editing equipment, associated with the production and distribution of community media, such as video programming. These grants are passed through to cable subscribers as a "PEG fee." The current PEG fee is \$4.15 per subscriber per month. The 2014 operating grant, which increases by 5% per year under the current franchises, amounts to \$1,476,290. Comcast is proposing to eliminate the operating grant, claiming that federal law prohibits the company from making such payments. It is true that federal law does not permit local franchising authorities to require operating grants over and above the maximum 5% franchise fee ceiling, but nothing in the law prevents cable companies from **voluntarily** paying them in order to meet a community's cable-related needs and interests. And, in fact, cable companies have been paying operating grants, such as the one that CTV receives, for many, many years. It is also true that these voluntary payments are not a cost to Comcast but rather a pass-through to subscribers that watch this access programming, as indicated above. What is particularly alarming is the fact that Comcast is looking to eliminate operating support at the same time it is generating approximately \$14 million in operating income annually from subscribers in the 10-city franchise area.

What about capital funding? In 2011, the North Suburban Communications Commission (NSCC) hired The Buske Group to conduct a community communications needs assessment. After talking with the staff at CTV North Suburbs and city staff and taking an inventory of CTV's equipment and the cities' equipment, The Buske Group concluded that many millions of dollars would be needed over the course of a 10-year cable franchise to upgrade and replace equipment. Comcast's consultant looked at one year's capital budget and determined, without even touring the CTV facilities, that our capital needs could be met by annual equipment grants of \$0.44/subscriber or about \$158,000 if the company has 30,000 subscribers (which it currently does not have). It is true that this is an increase from the equipment grant of \$50,000 required by the current franchises, but CTV's capital needs have grown and will need to keep pace with changes in technology and subscriber expectations. However, without operating funds to pay staff, pay for gas for the trucks, pay the electric bill, and – well, you get the picture – the capital funds won't do us much good.

Although the company has a separate proposal to provide varied capital funding for the cities, Comcast would first deduct revenues from an alleged \$2 million reserve fund that does not exist from the overall amount. Among other things, Comcast's approach ignores the need for appropriate reserves as part of a prudent non-profit business strategy.

As for PEG channels, right now eight (8) channels are set aside on the cable system for public, educational and government access programming. That's too many, according to Comcast. The company's formal proposal would provide up to three standard definition (SD) channels and only one high definition (HD) channel. In order to get that HD channel, we would have to provide "not less than 5 hours per day, 5 days per week of locally produced,... first-run programming..." According to Comcast, there is "low interest in PEG programming" and "stale content drives down viewers and interest, and reduces the success of PEG channels." These comments are directly contrary to what The Buske Group found and what you all know of the valuable needs access programming fulfills. Think about what will happen if the current 8 channels are shoehorned into just 3. What parades, sporting events and concerts will no longer be shown? How will we maintain our sense of local community without this access programming?

The April 17 public hearing will open with Comcast making a presentation (20-30 minutes, according to a company representative) on its formal franchise renewal proposal. Staff or legal counsel may make a few remarks, and then the floor will be open to the public – that's you! – to comment on the renewal proposal and/or Comcast's performance under the current franchises. For example, some people might want to comment on the quality of Comcast's customer service, rates and commitment to access programming, etc. The public will be asked to keep individual comments to five minutes, but we will also accept written comments.

Comcast's testimony and public comments, along with staff and consultant reports, will be considered by the Commissioners, who will, at a May meeting, adopt a recommendation to the member cities to either accept or deny Comcast's formal proposal. Then, each of the member cities will have to take action at a council meeting. We will be asking residents of the cities to also attend and speak at those council meetings. If the cities deny Comcast's formal renewal proposal, Comcast and the NSCC may then conduct an administrative hearing, likely before an administrative law judge, to determine whether Comcast's proposal meets the communities' cable-related needs and interests, taking cost into consideration, and whether Comcast has substantially complied with the material terms of the member cities' franchises. If the member cities ultimately make a final decision to deny Comcast a renewal franchise, it is likely that the parties will wind up in federal court. In the history of cable franchising, the formal franchise renewal process has gone to federal court four times, and, in all four cases, the local franchising authority has won.

Despite that record, we need you to help us make the case for PEG access/community media in our ten cities on April 17, 2014. No less than the future of CTV North Suburbs is at stake.