

## **ATTACHMENT B**

In addition to the many proposed Cable Code modifications outlined under separate cover, staff are proposing the following changes that may require additional explanation.

### **1) Eliminating Existing Cable Franchise Districts (New SMC 21.60.070)**

Historically, the City granted franchises in one or more predetermined areas (“cable districts”). In the franchises, the cable operators commit to “building out” these entire areas. The current Code requires a cable operator to obtain a franchise for an entire cable district and build out its cable system throughout the district within seven (7) years. This approach was appropriate when not all parts of the City had cable television service, however today the City is largely built out and the districts serve as a disincentive to a competitive entrant in the market. Today the reason for build out is to promote competitive choice for consumers. The draft amendments propose to eliminate the existing cable franchise districts and allow competition throughout the City.

### **2) Creating More Flexible Build Out Provisions in Seattle (New SMC 21.60.170)**

Requiring full build out assures that the benefits of any competition accrue to all residents of an area. But maintaining our current requirements could inhibit private investment from new competitive providers. So instead, the City is proposing new Code language that will allow new cable market entrants the opportunity to define the area(s) in the City that they want to serve, rather than relying on arbitrary, pre-existing boundaries. The specific conditions are to be negotiated with the new entrant in the franchise, but the Code requires a portion of the households covered to be low income households, prohibits discrimination based on race or income level, and requires cable operators to meet with the City regularly to demonstrate that its commitments to consumer equity are being met. The proposed changes therefore discourage new entrants from “cherry-picking” affluent areas.

### **3) Discouraging Long Term Exclusive Cable Contracts in Apartment Buildings and Condominiums (New SMC 21.60.410 F)**

About 50% of Seattle households reside in condominiums and apartment buildings (multiple dwelling units, or “MDUs”). DoIT has received complaints from some MDU owners that cable operators will only provide service if the owner contracts for a 15-year term. Residents of MDUs would benefit if building owners had more opportunity to change cable providers, so that they can chose the service provider that meets their needs. We are including a provision that would prohibit a cable operator from requiring MDU owners to sign exclusive long-term agreements in order to get service.

### **4) Upgrading Telephone Answering Standards in the CCBOR (New SMC 21.60.410.B)**

Many cable subscribers complain that it takes too long to speak with a cable company service representative (CSR). The current franchise standard states that a subscriber shall be able to speak with a CSR within 30 seconds of placing a call. However, the Code and similar FCC requirements were written when no one contemplated today’s extensive use of Interactive Voice

Response (IVR) systems by cable operators. IVRs require a caller to listen to one or more menus of options and make the combination of selections necessary to reach a human operator. Use of an IVR can be beneficial, but IVR use has led to longer wait times before a customer can speak with a CSR and has also called into question the accuracy of reporting by cable operators because they suggest that an IVR functions as a CSR. To upgrade performance and reporting standards in the Code related to subscriber response time, while incorporating the use of IVR systems we propose to establish a 30 second standard for a subscriber call to be answered by an IVR and another 30 second standard for when a customer can speak with a CSR. When the call is answered by the IVR the cable operator must within one minute advise the customer of their option to speak with a CSR. In addition, we propose requiring that reporting data are specific to King County as opposed to the Western Washington region including Spokane as is the case today. We will also end the current practice that allows cable operators to avoid monetary damages for underperformance. Under federal law the City can unilaterally adopt and enforce consumer protection standards for cable operators.

**5) Reserving the City's Rights in an Uncertain and Fluid Regulatory Environment  
(New SMC 21.20.250)**

Throughout the Code we have included references to the City's authority to regulate non cable services, such as internet service, to the extent not prohibited by federal law. While today internet is an unregulated service, there is much discussion at the national level about the need to impose some level of regulation on internet service because -like a utility - it has become a vital service that is integral to everyday life. By including such references in the Code, the City is reserving its rights to protect internet consumers in the event of a change in federal law or FCC regulation. We note that on February 26, 2015 the FCC is expected to make a decision on the regulatory classification of internet service. At that time, we will gain a better understanding about the extent of our regulatory authority over internet service.