

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.