

# **NORTH METRO TELECOMMUNICATIONS COMMISSION MEETING**

September 20, 2017  
6:00 p.m.

**SPRING LAKE PARK CITY OFFICES  
1301 81<sup>st</sup> Avenue NE  
Spring Lake Park, Minnesota**

## **AGENDA**

1. CALL TO ORDER/ROLL CALL
2. CONSENT AGENDA **pp. 1-12**
  - 2.1. Approval of the minutes of the regular meeting, June 21, 2017
  - 2.2. Approval of the June, July, and August financial reports and bill lists
3. CITIZENS TO BE HEARD
4. 2016 AUDIT PRESENTATION **pp. 13-49**
5. NORTH METRO TV REPORT **pp. 50--77**
  - 5.1. Monthly update
6. REPORT OF EXECUTIVE COMMITTEE **pp. 78-159**
  - 5.1. Carousel and Makito Upgrade
  - 5.2. CenturyLink Lawsuit
7. REPORT OF OPERATIONS COMMITTEE **p. 160**
8. REPORT OF LEGAL COUNSEL
  - 7.1. Monthly Report
9. REPORT OF COMCAST
10. REPORT OF CENTURYLINK
11. NEW BUSINESS
12. OLD BUSINESS
13. REPORT OF DIRECTORS
14. COMMUNICATIONS **pp. 161-174**
15. ADJOURN



# **NORTH METRO TELECOMMUNICATIONS COMMISSION**

## **UNAPPROVED MINUTES**

**Commission Meeting – June 21, 2017**

### **CALL TO ORDER**

Chair M. Percy called the regular meeting of the North Metro Telecommunications Commission to order at 6:00 p.m. at the Spring Lake Park city offices.

### **ROLL CALL**

**Directors Present:** Dick Swanson; Blaine, Mike Murphy; Lexington, Matt Percy; Circle Pines, Steve King; Centerville, Melissa Maher; Lino Lakes, Cindy Hansen; Spring Lake Park, Al Parranto; Ham Lake

**Directors Absent:**

**Others Present:** Rose Valez; Admin. Asst.

**Comcast Rep:**

**CenturyLink Rep:**

### **CONSENT AGENDA**

- **Minutes, Bill List, Financial Reports**

May 17 19, 2017 minutes and May bill list and financial reports were approved as presented. **Motion for approval made by D. Swanson. Second, C. Hansen. Motion passed unanimously.**

### **CITIZENS TO BE HEARD**

None present.

### **REPORT OF NORTH METRO TV**

R. Valez reviewed the North Metro TV report as presented in the packet. Topics included:

- The 15th Annual VIP Awards Ceremony took place on Tuesday, May 2nd. For the third year the event was held at the Historic Heights Theatre. The theatre staff had VIP Awards on the marquee and our poster for the event was in the display case. A photography area was set up so people could have their pictures taken before the ceremony and after with their awards. In total, 28 trophies and many certificates of appreciation were given to some very

deserving folks. The event was taped and each individual award recipient's segment is presented as a separate program. This makes it easy to find each person's segment posted on YouTube and Facebook.

- The new truck graphics are done. It took a few weeks for Matt Waldron to design the layout. Then the sign company did some measuring. After that it took about a week for the actual work to be completed. The back of the truck includes the names of our Member Cities and the services that NMTV provides.

#### **REPORT OF EXECUTIVE COMMITTEE/OPERATIONS COMMITTEE**

D. Swanson reported on the following items:

- An update was given on progress to improve the quality and quantity of programming on the City channels. The Carousel units and Makito X system are still en route. Municipal Producer, Trevor Scholl, continues to meet with City officials and to build a catalog of requested video projects. He finished eight projects in May. A new City Report was distributed the report details City related work performed by North Metro staff over the previous month.
- The draft 2018 budget was considered. Overall operational costs increased by \$71,000 over the 2017 budget, due entirely to anticipated franchise renewal expenses. Personnel costs decreased by \$6,300 below the 2017 budget because of staffing changes in 2017. The personnel budget includes an up to 2.75% COLA increase. Benefits were budgeted at \$1,115 per employee, per month, based on benefits packages provided by Cities to their employees. Capital expenses are budgeted at \$409,147. The majority of the capital budget is dedicated to the HD bond payment of \$229,215. Other capital expenditures recommended for 2018 include field equipment, video and data transport systems for Cities and annual maintenance contracts. Franchise fees returned to Cities have been budgeted at \$400,000. This is a \$55,000 increase over the previous year.

**MOTION:** To approve the 2018 operations and capital budgets as presented.  
**Motion made by D. Swanson. Second, M. Murphy. Motion passed unanimously.**

- Increasing the PEG fee was considered. The Operations Committee recommended doing so. The PEG fee could be increased by 7 cents per subscriber per month in 2018. The increased fee could be reserved for anticipated building related expenses, such as replacing the roof, and furnace/AC replacement. The PEG fee hasn't been increased for five years.

**MOTION:** To approve increasing the PEG fee by 7 cents for 2018. Motion made by D. Swanson. Second, C. Hansen. Motion passed unanimously.



- The Committee recommends canceling the July and August Executive and Full Commission meetings.

**MOTION:** To cancel the July and August Executive and full Commission meetings.  
**Motion made by D. Swanson. Second, A. Parranto. Motion passed unanimously.**

**REPORT OF LEGAL COUNSEL**

No report was presented.

**REPORT OF COMCAST**

No report was presented.

**REPORT OF CENTURYLINK**

No report was presented.

**NEW BUSINESS**

No new business was presented.

**OLD BUSINESS**

No old business was presented.

**REPORT OF DIRECTORS**

No report of directors was presented.

**ADJOURN**

The meeting was adjourned at 6:09 p.m. **The motion to adjourn was made by C. Hansen. Second, A. Parranto. Motion approved.**

The next meeting of the NMTC will be held on **Wednesday, September 20, 2017**  
**at 6:00 p.m.** at the city offices of Spring Lake Park.

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Mike Murphy; Secretary, NMTC

# North Metro Telecommunications Commission

## Balance Sheet

August 31, 2017

### ASSETS

#### Current Assets

Cash - Checking Account	\$	2,468,924.88
Petty Cash		150.00
A/R - NMTC		197,006.49
Prepaid Insurance - NMTC		13,276.21

Total Current Assets 2,679,357.58

#### Property and Equipment

Office Equipment - NMTC	1,304,420.69
Accum Deprec - NMTC	(1,868,564.39)
Bond Equipment 2016	1,985,000.00
Building-Polk/125	1,503,204.17
Land-Polk/125	225,700.00

Total Property and Equipment 3,149,760.47

#### Other Assets

Deferred Out Related/Pension	347,614.00
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Total Other Assets 347,614.00

Total Assets \$ 6,176,732.05

### LIABILITIES AND CAPITAL

#### Current Liabilities

A/P - NMTC	\$	1,260.00
Accrued Payroll Taxes & W/H's		449.54
Accrued Vacation		96,954.69
Accrued Wages		33,957.52
Franchise Fee App		924,284.15
Due to City of Blaine		861,760.00
Due to City of Centerville		53,440.00
Due to City of Circle Pines		76,639.50
Due to City of Ham Lake		223,360.00
Due to City of Lexington		28,639.50
Due to City of Lino Lakes		264,000.00
Due to City of Spring Lake Par		92,160.00
Deferred In Related/Pension		85,894.00

Total Current Liabilities 2,742,798.90

#### Long-Term Liabilities

Net Pension Liability	828,188.00
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Total Long-Term Liabilities 828,188.00

Total Liabilities 3,570,986.90

#### Capital

Net Equity	293,561.36
Net Equity - Media Ctr	(206,243.34)
Net Equity - NMTC	2,517,656.37
Net Income	770.76

Total Capital 2,605,745.15

Total Liabilities & Capital \$ 6,176,732.05

# North Metro Telecommunications Comm

## Cash Receipts Journal

For the Period From Aug 1, 2017 to Aug 31, 2017

Date	Transaction Ref	Line Description	Debit Amnt	Credit Amnt
8/23/17	JULY PAYPAL	JULY PAYPAL PAYPAL	345.49	345.49
8/23/17	AUG CC SALES-AUTH	AUGUST CREDIT CARD SALES-AUTHORIZE.NET		1,319.00
		AUGUST CREDIT CARD SALES-AUTHORIZE.NET FEES	125.70	
		Credit Card Sales	1,193.30	
8/25/17	AUG CC SALES-VM	CREDIT CARD SALES - VIRTUAL MERCHANT		786.00
		Credit Card Sales	786.00	
8/30/17	INTEREST	INTEREST-COMMISSION CHECKING INTEREST - COMMISSION	1,646.45	1,646.45
			<u>4,096.94</u>	<u>4,096.94</u>

# North Metro Telecommunications Comm

## Check Register

For the Period From Aug 1, 2017 to Aug 31, 2017

Filter Criteria includes: 1) Accounts Payable only. Report order is by Date.

Check #	Date	Payee	Amount
EPAY-10	8/14/17	POPP TELECOM	830.86
EPAY-11	8/14/17	Comcast	275.92
EPAY-12	8/14/17	T-Mobile	103.16
EPAY-13	8/14/17	U.S. Bank Card Service	1,353.45
13139	8/15/17	Blaine Lock & Safe Inc	177.00
13140	8/15/17	Trevor Scholl	26.22
13141	8/15/17	Jessica Hart	1,000.00
PEACH	8/16/17	Peachtree/Sage Software	19.20
EFILE	8/16/17	MN Dept. of Revenue	1,057.02
EFILE	8/16/17	Public Employees Retirement	3,392.55
EFILE	8/16/17	IRS/US BANK	6,204.78
13142	8/16/17	Meihe Wu	1,000.00
JULY SALES TAX	8/20/17	MN Dept. of Revenue	144.00
EPAY-14	8/20/17	HealthPartners	11,025.48
13143	8/23/17	Falcon Prince Inc.	715.00
EFILE	8/26/17	Discovery Benefits	445.00
PEACH	8/30/17	Peachtree/Sage Software	19.20
EFILE	8/30/17	MN Dept. of Revenue	1,049.94
EFILE	8/30/17	Public Employees Retirement	3,372.73
EFILE	8/30/17	IRS/US BANK	6,163.30
13144	8/30/17	Richard D. Larson	388.13
EFILE	8/31/17	IRS/US BANK	712.92
EFILE	8/31/17	MN Dept. of Revenue	80.55
EFILE	8/31/17	Public Employees Retirement	186.22
EPAY-15	8/31/17	Principal Financial Group	419.86
<b>Total</b>			<b><u>117,442.29</u></b>

# North Metro Telecommunications Comm

## Check Register

For the Period From Aug 1, 2017 to Aug 31, 2017

Filter Criteria Includes: 1) Accounts Payable only. Report order is by Date.

Check #	Date	Payee	Amount
EFILE	8/1/17	Discovery Benefits	22.50
EFILE	8/1/17	Authorize.Net	57.83
EFILE	8/1/17	Virtual Merchant Credit Card	50.17
PEACH	8/2/17	Peachtree/Sage Software	19.20
EFILE	8/2/17	MN Dept. of Revenue	1,044.59
EFILE	8/2/17	Public Employees Retirement	3,357.74
EFILE	8/2/17	IRS/US BANK	6,131.90
EPAY-03	8/7/17	CenterPoint Energy	25.67
EPAY-01	8/7/17	Republic Services	130.26
EPAY-02	8/7/17	SA Fleet-Wex Bank	170.62
EPAY-04	8/7/17	AT&T Wireless	383.93
13128	8/7/17	Richard D. Larson	225.00
13129	8/7/17	Rick Larson	22.49
13130	8/7/17	Bradley Law, LLC	1,293.75
13131	8/7/17	Eric Houston	17.55
13132	8/7/17	League of MN Cities	188.00
13133	8/7/17	Winter Green Lawn & Snow L.L.C.	725.00
13134	8/7/17	Corporate Mechanical	476.00
13135	8/7/17	Gelbach Designs, Inc.	49,408.64
13136	8/9/17	Andrea Mayeux	60.00
13137	8/9/17	Floyd Security / SRSI	126.93
13138	8/9/17	Donald A. Foster	900.00
EPAY-05	8/9/17	Principal Financial Group	419.86
EFILE	8/12/17	Discovery Benefits	445.00
EPAY-09	8/13/17	City of Blaine-utilities	301.36
EPAY-06	8/13/17	Sam's Club	93.50
EPAY-07	8/13/17	Sam's Club	218.08
EFILE	8/13/17	Chase Visa Card Services	9,171.54
EPAY-08	8/13/17	Connexus Energy	1,792.69

# North Metro Telecommunications Comm

## General Journal

For the Period From Aug 1, 2017 to Aug 31, 2017

Date	Reference	Trans Description	Debit Amt	Credit Amt
8/1/17	ACCRUED VAC/COM/SICK	ACCRUED VAC/COM/SICK ACCRUED VAC/COM/SICK	99,023.72	99,023.72
8/1/17	ACCRUED WAGES	ACCRUED WAGES ACCRUED WAGES	2,351.48	2,351.48
8/30/17	ACCR DEPRECIATION	ACCRUED DEPRECIATION ACCRUED DEPRECIATION	12,900.00	12,900.00
8/30/17	ACCR VAC/COMP/SICK	ACCRUED VAC/COMP/SICK ACCRUED VAC/COMP/SICK	96,954.69	96,954.69
8/30/17	ACCRUED WAGES	ACCRUED WAGES ACCRUED WAGES	9,405.92	9,405.92
	<b>Total</b>		<b>220,635.81</b>	<b>220,635.81</b>

**NORTH METRO TELECOMMUNICATION  
BILL LIST**

**AUGUST 2017**

<b>Date</b>	<b>Check #</b>	<b>Payee</b>	<b>Amount</b>
AUGUST	COMBINED	PAYROLL	51,819.10
AUGUST	COMBINED	IRS/US PAYABLE	19,212.90
AUGUST	COMBINED	MN REVENUE PAYABLE	3,232.10
AUGUST	COMBINED	PERA PAYABLE	10,309.24
AUGUST	COMBINED	PEACHTREE	57.60
AUGUST	COMBINED	DISCOVERY BENEFITS	912.50
13128	8/7/17	Richard D. Larson	225.00
13129	8/7/17	Rick Larson	22.49
13130	8/7/17	Bradley Law, LLC	1,293.75
13131	8/7/17	Eric Houston	17.55
13132	8/7/17	League of MN Cities	188.00
13133	8/7/17	Winter Green Lawn & Snow L.L.C.	725.00
13134	8/7/17	Corporate Mechanical	476.00
13135	8/7/17	Gelbach Designs, Inc.	49,408.64
13136	8/9/17	Andrea Mayeux	60.00
13137	8/9/17	Floyd Security / SRSI	126.93
13138	8/9/17	Donald A. Foster	900.00
13139	8/15/17	Blaine Lock & Safe Inc	177.00
13140	8/15/17	Trevor Scholl	26.22
13141	8/15/17	Jessica Hart	1,000.00
13142	8/16/17	Meihe Wu	1,000.00
13143	8/23/17	Falcon Prince Inc.	715.00
13144	8/30/17	Richard D. Larson	388.13
EFILE	8/1/17	Authorize.Net	57.83
EFILE	8/13/17	Chase Visa Card Services	9,171.54
EFILE	8/1/17	Virtual Merchant Credit Card	50.17
EPAY-01	8/7/17	Republic Services	130.26
EPAY-02	8/7/17	SA Fleet-Wex Bank	170.62
EPAY-03	8/7/17	CenterPoint Energy	25.67
EPAY-04	8/7/17	AT&T Wireless	383.93
EPAY-05	8/9/17	Principal Financial Group	419.86
EPAY-06	8/13/17	Sam's Club	93.50
EPAY-07	8/13/17	Sam's Club	218.08
EPAY-08	8/13/17	Connexus Energy	1,792.69
EPAY-09	8/13/17	City of Blaine-utilities	301.36
EPAY-10	8/14/17	POPP TELECOM	830.86
EPAY-11	8/14/17	Comcast	275.92
EPAY-12	8/14/17	T-Mobile	103.16
EPAY-13	8/14/17	U.S. Bank Card Service	1,353.45
EPAY-14	8/20/17	HealthPartners	11,025.48
EPAY-15	8/31/17	Principal Financial Group	419.86
JULY SALES TAX	8/20/17	MN Dept. of Revenue	144.00

**169,261.39**



**NORTH METRO TELECOMMUNICATION  
BILL LIST**

JULY 2017

Date	Check #	Payee	Amount
JULY	COMBINED	PAYROLL	40,674.81
JULY	COMBINED	IRS/US PAYABLE	14,198.20
JULY	COMBINED	MN REVENUE PAYABLE	2,298.95
JULY	COMBINED	PERA PAYABLE	7,108.90
JULY	COMBINED	PEACHTREE	40.00
JULY	COMBINED	DISCOVERY BENEFITS	3,857.50
13106	7/3/17	Plunketts Pest Control	468.14
13107	7/3/17	INTERSTATE COMPANIES, INC	728.00
13108	7/3/17	Print Central	286.41
13109	7/3/17	Michael Peterson	250.00
13110	7/3/17	Steve King	135.00
13111	7/3/17	Al Parranto	135.00
13112	7/3/17	Michael A. Murphy	135.00
13113	7/3/17	Melissa S. Maher	135.00
13114	7/3/17	Cindy A. Hansen	135.00
13115	7/12/17	Eric Houston	54.08
13116	7/12/17	Terry Tronson	125.41
13117	7/12/17	Aid Electric Corporation	718.58
13118	7/12/17	Metro Sales, Inc.	624.87
13119	7/12/17	Sandra Burg	400.00
13120	7/16/17	BIOCLEAN Mobile Wash, Inc.	35.00
13121	7/18/17	Jeremy Millington	71.07
13122	7/18/17	Richard D. Larson	225.00
13123	7/19/17	Print Central	79.84
13124	7/28/17	Lisa Adams	200.00
13125	7/28/17	Kitrick R. Callis	300.00
13126	7/28/17	Joshua Oak	250.00
13127	7/28/17	Callie Jones	250.00
EPAY-01	7/9/17	Republic Services	130.87
EPAY-02	7/9/17	SA Fleet-Wex Bank	221.54
EPAY-03	7/9/17	CenterPoint Energy	30.96
EPAY-04	7/9/17	Assurant Employee Benefits	791.61
EPAY-05	7/9/17	AT&T Wireless	383.93
EPAY-06	7/9/17	Connexus Energy	2,047.66
EPAY-07	7/9/17	POPP TELECOM	832.31
EPAY-08	7/9/17	City of Blaine-utilities	269.54
EPAY-09	7/9/17	U.S. Bank Card Service	1,378.34
EPAY-10	7/9/17	Comcast	275.92
EPAY-11	7/9/17	Dept of Empl and Eco Development	7,751.27
EPAY-12	7/16/17	Federal Express	59.81
EPAY-13	7/16/17	HealthPartners	11,025.48
EPAY-14	7/16/17	T-Mobile	103.16
EPAY-15	7/16/17	Sam's Club	326.35
EFILE	7/1/17	Virtual Merchant Credit Card	15.64
EFILE	7/1/17	Authorize.Net	30.21
EFILE	7/7/17	Chase Visa Card Services	7,737.09
EPAY-P01	7/3/17	Richard R. Swanson	135.00
JUNE SALES TAX	7/16/17	MN Dept. of Revenue	94.00

**107,560.45**

**NORTH METRO TELECOMMUNICATION  
BILL LIST**

JUNE 2017

<b>Date</b>	<b>Check #</b>	<b>Payee</b>	<b>Amount</b>
JUNE	COMBINED	PAYROLL	36,640.67
JUNE	COMBINED	IRS/US PAYABLE	13,200.18
JUNE	COMBINED	MN REVENUE PAYABLE	2,168.36
JUNE	COMBINED	PERA PAYABLE	6,260.54
JUNE	COMBINED	PEACHTREE	38.40
JUNE	COMBINED	DISCOVERY BENEFITS	912.50
13091	6/1/17	STB-Mark Hultgren	649.00
13092	6/1/17	Alpha Video & Audio, Inc	270.00
13093	6/1/17	Corporate Mechanical	804.00
13094	6/2/17	Charlie Beattie	100.00
13095	6/5/17	Richard D. Larson	150.00
13096	6/5/17	Bradley Law, LLC	2,178.75
13097	6/5/17	Alpha Video & Audio, Inc	335.00
13098	6/6/17	Winfield's Windows & Things, Inc	330.00
13099	6/7/17	Harrington Langer & Associates	4,000.00
13100	6/12/17	Callie Jones	250.00
13101	6/16/17	FirstCom Music	1,922.00
13102	6/16/17	Service Fire Protection	655.00
13103	6/16/17	Winter Green Lawn & Snow L.L.C.	590.00
13104	6/16/17	Alpha Video & Audio, Inc	1,900.00
13105	6/28/17	Matthew Waldron	137.79
EFILE	6/2/17	Authorize.Net	25.00
EFILE	6/5/17	Chase Visa Card Services	18,138.01
EFILE	6/1/17	Virtual Merchant Credit Card	42.50
EPAY-01	6/5/17	Republic Services	109.23
EPAY-02	6/5/17	CenterPoint Energy	64.52
EPAY-03	6/7/17	Assurant Employee Benefits	845.55
EPAY-04	6/7/17	AT&T Wireless	383.93
EPAY-05	6/7/17	SA Fleet-Wex Bank	159.12
EPAY-06	6/7/17	VERIZON WIRELESS	355.08
EPAY-07	6/7/17	U.S. Bank Card Service	223.48
EPAY-08	6/16/17	Connexus Energy	1,702.80
EPAY-09	6/16/17	POPP TELECOM	832.31
EPAY-10	6/16/17	City of Blaine-utilities	56.41
EPAY-11	6/16/17	T-Mobile	103.16
EPAY-12	6/16/17	Comcast	275.92
EPAY-13	6/16/17	Sam's Club	213.52
EPAY-14	6/28/17	HealthPartners	11,025.48
MAY SALES TAX	6/7/17	MN Dept. of Revenue	48.00

**108,096.21**

**NORTH METRO  
TELECOMMUNICATIONS COMMISSION  
MANAGEMENT LETTER  
December 31, 2016**

TENTATIVE & PRELIMINARY

## MANAGEMENT LETTER

To the Management and Board of Directors  
North Metro Telecommunications Commission  
Blaine, Minnesota

In planning and performing our audit of the financial statements of North Metro Telecommunications Commission as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered North Metro Telecommunications Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we considered to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies presented in the attachment to this letter to be significant deficiencies in internal control.

In addition, during our audit, we noted certain matters involving internal control that are presented for your consideration. This letter does not affect our report dated June 28, 2017 on the financial statements of North Metro Telecommunications Commission. We will review the status of these comments during our next audit engagement. Our comments, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized in the attachment to this letter.

We sincerely appreciate the opportunity to provide services to the Commission and hope you find the information included in this correspondence useful and informative. If you have any questions or wish to discuss any of the items further, please let us know.

This communication is intended solely for the information and use of management, the Commissioners, and others within the Commission, and is not intended to be and should not be used by anyone other than these specified parties.

June 28, 2017

TENTATIVE & PRELIMINARY

## **I. Internal Control Deficiencies**

**Segregation of Duties:** Our consideration of internal control disclosed that North Metro Telecommunications Commission has an inherent deficiency associated with the size of its accounting function that we consider to be a significant deficiency.

The size of the Commission is such that optimum internal control achieved through adequate segregation of incompatible duties among accounting personnel is not feasible. Although the Commission has implemented policies and procedures to mitigate for the lack of segregation of duties, the Organization does not meet the criteria (as pronounced by the American Institute of Certified Public Accountants) for segregation of duties in its accounting function. As such, management and the Board of Commissioners should maintain sufficient oversight to avoid errors and irregularities. This situation is common to organizations of this size and any changes should be reviewed from a cost-benefit perspective.

**Financial Reporting Process:** Our consideration of internal control disclosed that North Metro Telecommunications Commission has a significant deficiency associated with the financial reporting process.

Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements and disclosures, in conformity with U.S. generally accepted accounting principles (GAAP). Like many similarly sized organizations, management has requested assistance from us, the auditors, with drafting financial statements and related notes. The outsourcing of these services is not unusual in organizations of this size and is a result of management's cost-benefit decision to rely on our accounting expertise rather than incurring this internal resource cost. This increases the possibility that errors and irregularities may not be detected on a timely basis.

### *Management Response:*

Management is aware of these situations, but a cost-benefit analysis of the issues does not currently support the allocation of additional employees or resources at this time. Certain other safeguards are currently maintained (management oversight and review of draft financial statements) which provide satisfactory mitigation of the issues.

The Commission's response to the significant deficiencies identified in our audit has not been subjected to the audit procedures applied in our audit of the financial statements and, accordingly, we express no opinion on it.

## **II. Required Communications**

We have audited the financial statements of North Metro Telecommunications Commission for the year ended December 31, 2016, and have issued our report thereon dated June 28, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 19, 2017. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Principles*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Commission are described in Note 1 to the financial statements. We noted no new accounting policies and the application of existing policies was not changed during the year. We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Their most significant estimate affecting the financial statements was the estimate of pension liability.

- Management's estimate of its pension liability is based on several factors, but not limited to, anticipated investment return rate, retirement age for active employees, life expectancy, salary increases, and form of annuity payment upon retirement. The allocation of the pension liability is based on the Commission's proportionate share of employer contributions to the pension plans.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole. The financial statement disclosures are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We proposed audit adjustments to adjust the Commission's financial statements from the modified accrual basis of accounting to the full accrual basis of accounting based on information provided by management.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the Commission's financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 28, 2017.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Commission's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Issues or Findings*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Commission's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to the management's discussion and analysis and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.



**NORTH METRO  
TELECOMMUNICATIONS COMMISSION  
ANNUAL FINANCIAL REPORTS  
December 31, 2016 and 2015**

**TENTATIVE & PRELIMINARY**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
North Metro Telecommunications Commission  
Blaine, Minnesota

### **Report on the Financial Statements**

We have audited the accompanying statements of net position of North Metro Telecommunications Commission as of and for the years ended December 31, 2016 and 2015, and the related statements of revenues, expenses, and changes in net position; and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

## TENTATIVE & PRELIMINARY

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of North Metro Telecommunications Commission, as of December 31, 2016 and 2015, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 8 to the financial statements, the Commission adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment to GASB Statement No. 68*, for the year ended December 31, 2015. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements.

### ***Other Matters***

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### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 and the budgetary comparison information, schedule of employer's PERA contributions and schedule of employer's share of PERA net pension liability on pages 22 through 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2017 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. This is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Metro Telecommunications Commission's internal control over financial reporting and compliance.

June 28, 2017

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**NORTH METRO TELECOMMUNICATIONS COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

December 31, 2016 and 2015  
(Required Supplementary Information)

The management of the North Metro Telecommunications Commission (NMTC) offers readers of our financial statements the following narrative overview and analysis of our financial activities for the years ended December 31, 2016 and 2015.

**Basic Financial Statements**

Our basic financial statements are prepared using proprietary fund (enterprise fund) accounting that uses the same basis of accounting as private-sector business enterprises. NMTC is operated under one enterprise fund. Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting is used.

Revenue is recorded when earned and expenses are recorded when incurred. The basic financial statements include statements of net position, statements of revenues, expenses and changes in net position, and statements of cash flows. These are followed by notes to the financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. In addition to the basic financial statements, this report also contains required supplementary information pertaining to the budgetary comparison and the retirement plan of NMTC.

The statements of net position presents information on NMTC's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of NMTC is improving or deteriorating.

The statements of revenues, expenses, and change in net position reports the operating revenues and expenses and non-operating revenues and expenses of NMTC for the fiscal year with the difference – the net income or loss – being combined with any capital grants to determine the change in net position for the year. That change, combined with the net position at the end of the previous year, totals to the net position at the end of the current year.

The statements of cash flows reports cash and investment activities for the fiscal year resulting from operating activities, capital and related financing activities, non-capital and related financing activities and investing activities. The net result of these activities added to the beginning of the year cash and investments balance total to the cash and investments balance at the end of the current year.

The information contained in the basic financial statements is used as the basis for the discussion presented on the following pages, surrounding NMTC's activities for the years ended December 31, 2016 and 2015.

TENTATIVE & PRELIMINARY

**NORTH METRO TELECOMMUNICATIONS COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

December 31, 2016 and 2015  
(Required Supplementary Information)

**Financial Highlights**

- NMTC ended 2016 with a net position balance of \$2,593,870, of which \$1,653,052 represented the net investment in capital assets, and \$950,889 was unrestricted. The net position balance at the end of the year was \$10,884 higher than the net position balance at the beginning of the year. GASB Statement No. 68 was implemented for the year ended December 31, 2015 and required a \$490,856 restatement of beginning net position.
- As a result of operations, \$320,000 in franchise fees were returned to NMTC member cities for each year during the years ended December 31, 2016 and 2015.

The following is a condensed comparative summary of the Commission's net position:

Net Position	2016	2015	2014
<b>Assets</b>			
Current Assets	\$ 2,573,384	\$ 2,463,210	\$ 2,388,885
Loan fees, net	-	-	28,597
Capital assets, net	<u>3,253,052</u>	<u>1,644,151</u>	<u>1,754,312</u>
Total Assets	<u>5,826,436</u>	<u>4,107,361</u>	<u>4,171,794</u>
<b>Deferred Outflows</b>			
Deferred outflows related to pensions	<u>347,614</u>	<u>72,490</u>	<u>-</u>
<b>Liabilities</b>			
Current Liabilities	1,241,027	1,008,786	1,080,180
Noncurrent Liabilities	<u>3,484,215</u>	<u>523,433</u>	<u>220,000</u>
Total Liabilities	<u>4,725,242</u>	<u>1,532,219</u>	<u>1,300,180</u>
<b>Deferred Inflows</b>			
Deferred inflows related to pensions	<u>85,894</u>	<u>54,575</u>	<u>-</u>
<b>Net Position</b>			
Net investment in capital assets	1,653,052	1,644,151	1,427,909
Unrestricted	<u>950,889</u>	<u>948,906</u>	<u>1,443,705</u>
Total Net Position	<u>\$ 2,603,941</u>	<u>\$ 2,593,057</u>	<u>\$ 2,871,614</u>

TENTATIVE & PRELIMINARY

**NORTH METRO TELECOMMUNICATIONS COMMISSION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2016 and 2015  
(Required Supplementary Information)

Changes in Net Position	2016	2015	2014
<b>Program Revenues</b>			
Operating revenue	\$ 1,952,989	\$ 1,845,248	\$ 1,819,962
<b>General Revenues</b>			
Unrestricted investment earnings	3,340	333	355
Miscellaneous	36,723	36,768	22,150
<b>Total General Revenues</b>	<b>40,063</b>	<b>37,101</b>	<b>22,505</b>
<b>Total Revenues</b>	<b>1,993,052</b>	<b>1,882,349</b>	<b>1,842,467</b>
<b>Expenses</b>			
Operations	1,517,613	1,441,537	1,412,906
Non-capitalized equipment	15,216	22,918	21,073
Depreciation and amortization	374,144	204,050	183,838
Interest expense	75,195	1,545	11,934
<b>Total Expenses</b>	<b>1,982,168</b>	<b>1,670,050</b>	<b>1,629,751</b>
<b>Change in Net Position</b>	<b>10,884</b>	<b>212,299</b>	<b>212,716</b>
<b>Net Position, Beginning (as originally presented)</b>	<b>2,593,057</b>	<b>2,871,614</b>	<b>2,658,898</b>
Cumulative effect of change in accounting principle	-	(490,856)	-
<b>Net Position, Beginning (as restated)</b>	<b>2,593,057</b>	<b>2,380,758</b>	<b>2,658,898</b>
<b>Net Position, Ending</b>	<b>\$ 2,603,941</b>	<b>\$ 2,593,057</b>	<b>\$ 2,871,614</b>

**Revenue**

The major source of operating revenue for NMTC includes a 5% franchise fee paid on gross revenue, earned within the boundaries of the seven members of NMTC, and a PEG fee paid by cable subscribers monthly, as established in the franchise agreements.

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**NORTH METRO TELECOMMUNICATIONS COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

December 31, 2016 and 2015  
(Required Supplementary Information)

**Expenses**

Wages, benefits, franchise fee reimbursements, interest and depreciation make up the largest portion of expenses. Due to the significant investments NMTC has in capital assets, depreciation continues to be a large operating expense. Unlike the other expenses listed, depreciation is not a cash expense. NMTC has and continues to pursue ways to reduce costs without affecting service.

**Capital Assets**

NMTC's capital assets as of December 31, 2016 and 2015, amounted to \$3,253,052 and \$1,644,151, respectively (net of accumulated depreciation). This investment in capital assets includes land, a building, office and studio equipment, and vehicles.

NMTC primarily acquires its assets with the proceeds from franchise fees and PEG fees. Building construction and new equipment purchases are all a part of NMTC's capital investment plan. Currently there are no commitments for any major purchases.

**Debt**

As of December 31, 2014, NMTC had \$920,000 of cable franchise revenue bonds outstanding. These bonds were used to acquire, construct, and furnish NMTC's new building, completed in 2006. During the year ended December 31, 2012, the Commission repaid the franchise revenue bonds outstanding and issued \$840,000 of cable franchise revenue refunding note. During 2015, the Commission repaid the remaining outstanding balance on the note.

During 2016, the Commission began HD equipment and studio upgrades. The equipment was purchased by a member city through issuance of a general obligation bond and is being leased under a capital lease agreement by the Commission for \$1 per year for a period of 10 years. At the end of the lease term, the Commission will assume ownership of the equipment. The remaining member cities have agreed to reimburse the member city for their proportionate share of the bonds issued. The Commission has agreed to repay each of the member cities for their share of the bond, plus interest at 2%. As of December 31, 2016, the Commission owed \$1,600,000 to the member cities.

**Budgetary Analysis**

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During 2016 and 2015, franchise fee and PEG fee revenue exceeded budgeted amounts by approximately \$163,000 and \$65,000, respectively, which contributed to the increases in net position of \$10,884 and \$212,299, respectively.

**Requests for Information**

This financial report is intended to provide an overview of the finances of NMTC for those with an interest in this organization. Questions concerning any information within this report may be directed to the Executive Director of NMTC.



**NORTH METRO TELECOMMUNICATIONS COMMISSION**  
**STATEMENTS OF NET POSITION**  
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and investments	\$ 2,363,101	\$ 2,261,689
Accounts receivable	197,006	188,207
Prepaid expenses	<u>13,277</u>	<u>13,314</u>
TOTAL CURRENT ASSETS	<u>2,573,384</u>	<u>2,463,210</u>
<b>CAPITAL ASSETS</b>		
Land	225,700	225,700
Building	1,443,850	1,443,850
Building improvements	59,354	59,354
Office and studio equipment	3,217,190	1,989,486
Vehicles	72,230	72,230
Less: accumulated depreciation	<u>(1,765,272)</u>	<u>(2,146,469)</u>
TOTAL CAPITAL ASSETS, NET	<u>3,253,052</u>	<u>1,644,151</u>
TOTAL ASSETS	<u>5,826,436</u>	<u>4,107,361</u>
<b>DEFERRED OUTFLOWS</b>		
Deferred outflows related to pensions	<u>347,614</u>	<u>72,490</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt	185,000	-
Accounts payable and accrued expenses	131,743	124,897
Deferred franchise fee revenue	<u>924,284</u>	<u>883,889</u>
TOTAL CURRENT LIABILITIES	1,241,027	1,008,786
<b>NONCURRENT LIABILITIES</b>		
Long-term debt, net of current portion	1,415,000	-
Net pension liability	<u>828,188</u>	<u>523,433</u>
TOTAL LIABILITIES	<u>3,484,215</u>	<u>1,532,219</u>
<b>DEFERRED INFLOWS</b>		
Deferred inflows related to pensions	<u>85,894</u>	<u>54,575</u>
<b>NET POSITION</b>		
Net investment in capital assets	1,653,052	1,644,151
Unrestricted	<u>950,889</u>	<u>948,906</u>
TOTAL NET POSITION	<u>\$ 2,603,941</u>	<u>\$ 2,593,057</u>

See accompanying notes  
to basic financial statements

**NORTH METRO TELECOMMUNICATIONS COMMISSION**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>OPERATING REVENUES</b>		
Cable operating franchise fees	\$ 1,181,470	\$ 1,097,160
PEG fees	<u>771,519</u>	<u>748,088</u>
<b>TOTAL OPERATING REVENUES</b>	<u>1,952,989</u>	<u>1,845,248</u>
<b>OPERATING EXPENSES</b>		
Franchise fee reimbursements, city members	320,000	320,000
Personnel	700,900	666,881
Employee benefits	310,181	248,607
Office	85,276	84,824
Legal fees	8,719	37,657
Other administrative costs	53,214	43,704
Vehicle	3,402	4,067
Production	35,921	35,797
Depreciation	374,144	175,452
Studio equipment expense	15,216	22,918
Amortization	<u>-</u>	<u>28,598</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>1,906,973</u>	<u>1,668,505</u>
<b>OPERATING INCOME</b>	<u>46,016</u>	<u>176,743</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Investment income	3,340	333
Other income	36,723	36,768
Interest expense	<u>(75,195)</u>	<u>(1,545)</u>
<b>TOTAL NON-OPERATING REVENUE (EXPENSES)</b>	<u>(35,132)</u>	<u>35,556</u>
<b>CHANGE IN NET POSITION</b>	<u>10,884</u>	<u>212,299</u>
<b>NET POSITION, BEGINNING (as originally presented)</b>	2,593,057	2,871,614
Cumulative effect of change in accounting principle	<u>-</u>	<u>(490,856)</u>
<b>NET POSITION, BEGINNING (as restated)</b>	<u>2,593,057</u>	<u>2,380,758</u>
<b>NET POSITION, ENDING</b>	<u>\$ 2,603,941</u>	<u>\$ 2,593,057</u>

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See accompanying notes  
to basic financial statements

**NORTH METRO TELECOMMUNICATIONS COMMISSION**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from operations	\$ 1,984,585	\$ 1,924,710
Payments to suppliers and vendors	(509,685)	(535,471)
Payments to employees	(940,070)	(916,725)
Other non-operating receipts	<u>33,508</u>	<u>36,768</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>568,338</u>	<u>509,282</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(210,071)	(65,346)
Interest expense	(75,195)	(1,545)
Payments on long-term debt	<u>(185,000)</u>	<u>(355,000)</u>
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(470,266)</u>	<u>(421,891)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	<u>3,340</u>	<u>333</u>
<b>NET CHANGE IN CASH AND INVESTMENTS</b>	101,412	87,724
<b>CASH AND INVESTMENTS, BEGINNING</b>	<u>2,261,689</u>	<u>2,173,965</u>
<b>CASH AND INVESTMENTS, ENDING</b>	<u><u>\$ 2,363,101</u></u>	<u><u>\$ 2,261,689</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 46,016	\$ 176,743
Adjustments:		
Depreciation	374,144	175,452
Amortization	-	28,598
Loss on disposal of capital assets	12,026	55
Pension expense	88,906	37,176
Other non-operating receipts	33,508	37,192
Net change in assets, liabilities, and deferred outflows of resources:		
Accounts receivable	(8,799)	14,619
Prepaid expenses	37	(1,220)
Accounts payable and accrued expenses	6,846	(1,237)
Deferred franchise fee revenue	40,395	64,843
Deferred outflows - contributions after the measurement date	<u>(24,741)</u>	<u>(22,939)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ 568,338</u></u>	<u><u>\$ 509,282</u></u>

See accompanying notes to  
basic financial statements

**NORTH METRO TELECOMMUNICATIONS COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities:**

The general purpose of the Commission is to award, administer and enforce a cable communications franchise in member municipalities located in the North Central region of the Twin Cities area in Minnesota. The Commission also administers and operates the cable television access functions of the franchise.

The Commission, being established by the joint powers agreement, is considered a governmental entity and as such is exempt from state and federal income taxes.

**Measurement Focus, Basis of Accounting and Basis of Presentation:**

The Commission has adopted Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, which establishes the financial reporting standards for all state and local government entities.

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting and reflect transactions on behalf of the Commission, the reporting entity. The Commission accounts for its operations as an enterprise fund. Operating revenue and expenses result from administering and enforcing the cable communications franchise and operating the cable television access function. All other revenue and expenses are reported as non-operating revenue and expenses.

**Cash and Investments:**

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For the purpose of the statements of cash flows, the Commission considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Investments are reported at fair market value and consist of the Minnesota Municipal Money Market Fund (4M). The 4M Fund is a 2a7 external investment pool that is unrated and is exempt from risk disclosure reporting requirements under GASB 40.

The Commission has reported all investment income as non-operating revenue in the Statement of Revenues, Expenses, and Changes in Net Position.

**Accounts Receivable:**

Bad debts are recorded on the allowance method based on historical experience and management's evaluation of outstanding accounts receivable. At December 31, 2016 and 2015, management considered all outstanding amounts to be fully collectible. Accordingly, there was no allowance for doubtful accounts.

**NORTH METRO TELECOMMUNICATIONS COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

**Capital Assets:**

Capital assets, which include property and equipment, are reported in the statements of net position. Capital assets are defined by the Commission as assets with an initial cost of more than \$500 and an estimated useful life in excess of two years. Capital assets are recorded at historical cost when purchased. Donated assets are recorded at their estimated fair market value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciation of exhaustible assets is provided on the straight-line basis over the following useful lives:

	<u>Years</u>
Building	39
Building improvements	5-39
Office and studio equipment	5-10
Vehicles	5

**Revenues:**

Commission revenue consists primarily of franchise fees and governmental access fees (PEG fees). Franchise fees are assessed to the cable operators during the year and are recognized as revenue in the following year. PEG fees are based on a negotiated contract with the cable operators and are recognized as revenue in the year concurrent with the contract.

**Compensated Absences:**

Vested or accumulated vacation and sick leave is accrued for all eligible employees based on their past service and amounted to \$105,931 and \$98,366, as of December 31, 2016 and 2015, respectively.

**Pensions:**

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For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**NORTH METRO TELECOMMUNICATIONS COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

**Deferred Outflows of Resources:**

Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission has only one item that qualifies for reporting in this category. Accordingly, the one item, deferred outflows related to pensions, is reported only in the statements of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

**Deferred Inflows of Resources:**

Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has only one item that qualifies for reporting in this category. Accordingly, the one item, deferred inflows related to pensions, is reported only in the statements of net position and results from actuarial calculations.

**Net Position:**

In the government-wide financial statements, net position is classified in the following categories:

**Net Investment in Capital Assets-** This amount consists of capital assets, net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of assets.

**Restricted Net Position-** This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments, enabling legislation, constitutional provisions. At December 31, 2016 and 2015, there was no restricted net position.

**Unrestricted-** This amount includes all other net position.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

**Use of Estimates:**

TENTATIVE & PRELIMINARY

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in these financial statements. Actual results could differ from those estimates.

**NORTH METRO TELECOMMUNICATIONS COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2. DEPOSITS AND INVESTMENTS**

**Deposits:**

In accordance with applicable Minnesota Statutes, the Commission maintains deposits at authorized depository banks, all of which are members of the Federal Reserve System.

Minnesota Statutes require that all deposits be protected by insurance, surety bonds, or collateral. The market value of the collateral pledged must equal 110% of the deposits not covered by insurance or bonds.

Authorized collateral includes the legal investments described below, as well as certain first mortgages, and certain other state or local government obligations. Minnesota statutes require that securities pledged as collateral be held in safekeeping by the Commission or in a financial institution other than that furnishing the collateral.

At December 31, 2016 and 2015, the Commission had no deposits.

**Investments:**

At December 31, 2016 and 2015, investments included the following:

Description	2016	2015
External investment pool - 4M Fund	\$ 2,362,951	\$ 2,261,539

**NOTE 3. FRANCHISE FEE REIMBURSEMENTS**

Included within franchise fee reimbursements for the years ended December 31, 2016 and 2015 are the following amounts paid by the Commission to its city members that represent refunded franchise fees:

	2016	2015
City of Blaine	\$ 172,346	\$ 172,346
City of Centerville	10,683	10,683
City of Circle Pines	15,321	15,321
City of Ham Lake	44,666	44,666
City of Lexington	5,750	5,750
City of Lino Lakes	52,807	52,807
City of Spring Lake Park	18,427	18,427
	<u>\$ 320,000</u>	<u>\$ 320,000</u>

CERTIFICATE & FREELIENARY

**NORTH METRO TELECOMMUNICATIONS COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4. CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

Description	December 31, 2015	Increases	Decreases	December 31, 2016
Land	\$ 225,700	\$ -	\$ -	\$ 225,700
Building	1,443,850	-	-	1,443,850
Building improvements	59,354	-	-	59,354
Office and studio equipment	1,989,486	1,995,071	(767,367)	3,217,190
Vehicles	72,230	-	-	72,230
Total depreciable assets	3,564,920	1,995,071	(767,367)	4,792,624
Building and improvements	(448,509)	(40,960)	-	(489,469)
Office and studio equipment	(1,638,053)	(326,701)	755,341	(1,209,413)
Vehicles	(59,907)	(6,483)	-	(66,390)
Total accumulated depreciation	(2,146,469)	(374,144)	755,341	(1,765,272)
Capital assets, net	\$ 1,644,151	\$ 1,620,927	\$ (12,026)	\$ 3,253,052

Description	December 31, 2014	Increases	Decreases	December 31, 2015
Land	\$ 225,700	\$ -	\$ -	\$ 225,700
Building	1,443,850	-	-	1,443,850
Building improvements	59,354	-	-	59,354
Office and studio equipment	1,955,034	65,346	(30,894)	1,989,486
Vehicles	87,066	-	(14,836)	72,230
Total depreciable assets	3,545,304	65,346	(45,730)	3,564,920
Building and improvements	(407,349)	(41,160)	-	(448,509)
Office and studio equipment	(1,541,820)	(127,072)	30,839	(1,638,053)
Vehicles	(67,523)	(7,220)	14,836	(59,907)
Total accumulated depreciation	(2,016,692)	(175,452)	45,675	(2,146,469)
Capital assets, net	\$ 1,754,312	\$ (110,106)	\$ (55)	\$ 1,644,151

Depreciation expense charged to operations for the years ended December 31, 2016 and 2015 was \$374,144 and \$175,452, respectively.

TENTATIVE & PRELIMINARY



**NORTH METRO TELECOMMUNICATIONS COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5. LONG-TERM DEBT**

In August 2003, the member cities of the Commission issued Cable Franchise Revenue Bonds, Series 2003 for \$2,000,000 secured by a pledge of franchise fees and other revenue of the Commission. The bonds were issued to provide funds for the financing of the Commission's building and property. During August 2012, the Commission repaid the franchise revenue bonds outstanding and issued Cable Franchise Revenue Refunding Note, Series 2012 for \$840,000 secured by a pledge of franchise fees and other revenue of the Commission. During 2015, the Commission repaid the remaining outstanding balance on the note.

During 2016, the Commission began HD equipment and studio upgrades. The equipment was purchased by a member city through issuance of a general obligation bond and is being leased under a capital lease agreement by the Commission for \$1 per year for a period of 10 years. At the end of the lease term, the Commission will assume ownership of the equipment. The remaining member cities have agreed to reimburse the member city for their proportionate share of the bonds issued. The Commission has agreed to repay each of the member cities for their share of the bond, plus interest at 2%. Principal is payable in annual installments on February 1<sup>st</sup> through 2024. Interest is due semi-annually on February 1<sup>st</sup> and August 1<sup>st</sup>.

Future principal payments as of December 31, 2016 are as follows:

Year Ending December 31,	Amount
2017	\$ 185,000
2018	190,000
2019	195,000
2020	200,000
2021	200,000
Thereafter	<u>630,000</u>
	<u>\$ 1,600,000</u>

A summary roll-forward of long-term debt is as follows:

December 31, 2015	Additions	Payments	December 31, 2016
<u>\$ -</u>	<u>\$ 1,785,000</u>	<u>\$ 185,000</u>	<u>\$ 1,600,000</u>
December 31, 2014	Additions	Payments	December 31, 2015
<u>\$ 355,000</u>	<u>\$ -</u>	<u>\$ 355,000</u>	<u>\$ -</u>

**NORTH METRO TELECOMMUNICATIONS COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6.      DEFINED BENEFIT PENSION PLANS - STATEWIDE**

**Plan Description:**

The Commission participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan (General Employees Plan (accounted for in the General Employee Fund))

All full-time and certain part-time employees of the Commission are covered by the General Employees Plan. General Employees Plan members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

**Benefits Provided:**

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

**NORTH METRO TELECOMMUNICATIONS COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6.      DEFINED BENEFIT PENSION PLANS – STATEWIDE (continued)**

**Contributions:**

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in calendar years 2016 and 2015. The Commission was required to contribute 7.50% for Coordinated Plan members in calendar years 2016 and 2015. The Commission's contributions to the General Employee Fund for the years ended December 31, 2016 and 2015, were \$48,989 and \$45,452, respectively.

The Commission's contributions were equal to the required contributions as set by state statute.

**Pension Costs:**

General Employees Fund Pension Costs

At December 31, 2016 and 2015, the Commission reported a liability of \$828,188 and \$523,433, respectively, for its proportionate share of the General Employees Fund's net pension liability. The Commission's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund in 2016. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Commission totaled \$10,782. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the Commission's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015 through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the Commission's proportionate share was 0.0102% which was an increase of 0.0001% from its proportion measured as of June 30, 2015.

For the years ended December 31, 2016 and 2015, the Commission recognized pension expense of \$114,790 and \$37,176, respectively, for its proportionate share of the General Employees Plan's pension expense. In addition, the Commission recognized an additional \$3,215 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the General Employees Fund in 2016.

**NORTH METRO TELECOMMUNICATIONS COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6. DEFINED BENEFIT PENSION PLANS – STATEWIDE (continued)**

At December 31, 2016 and 2015, the Commission reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2016</u>		<u>2015</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 67,104	\$ -	\$ 26,390
Changes in actuarial assumptions	162,160	-	-	-
Difference between projected and actual earnings on plan investments	156,826	-	49,551	-
Changes in proportion	3,887	18,790	-	28,185
Contributions to GERP subsequent to the measurement date	<u>24,741</u>	<u>-</u>	<u>24,741</u>	<u>-</u>
Total	<u>\$ 347,614</u>	<u>\$ 85,894</u>	<u>\$ 74,292</u>	<u>\$ 54,575</u>

\$24,741 reported as deferred outflows of resources related to pensions resulting from the Commission's contributions to the General Employees Fund subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to GERP pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2017	\$ 62,597
2018	62,957
2019	81,149
2020	29,916
2021	-
Thereafter	-

**Actuarial Assumptions:**

The total pension liability in the June 30, 2016 and 2015 actuarial valuations were determined using the following actuarial assumptions:

	<u>2016</u>	<u>2015</u>
Inflation	2.50% per year	2.75% per year
Active Member Payroll Growth	3.25% per year	3.50% per year
Investment Rate of Return	7.50%	7.90%

**NORTH METRO TELECOMMUNICATIONS COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6. DEFINED BENEFIT PENSION PLANS – STATEWIDE (continued)**

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for the General Employees Plan for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: 1% per year for all future years for the General Employees Plan.

Actuarial assumptions used in the June 30, 2016 and 2015 valuations were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015.

The following changes in actuarial assumptions occurred in 2016:

**General Employees Fund:**

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment rate of return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

	Target Allocation	Long-term Expected Real Rate of Return
Domestic stocks	45%	5.50%
International stocks	15%	6.00%
Bonds	18%	1.45%
Alternative assets	20%	6.40%
Cash	2%	0.50%
	<hr/>	
Total	100%	
	<hr/> <hr/>	

TENTATIVE & PRELIMINARY

**NORTH METRO TELECOMMUNICATIONS COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6. DEFINED BENEFIT PENSION PLANS – STATEWIDE (continued)**

**Discount Rate:**

The discount rate used to measure the total pension liability was 7.50%, a reduction from the 7.90% used in 2015. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Pension Liability Sensitivity:**

The following presents the Commission's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Lower Discount Rate (6.5%)	Discount Rate (7.5%)	1% Higher Discount Rate (8.5%)
Sensitivity of Net Pension Liability at Current Single Discount Rate	\$ 1,176,274	\$ 828,188	\$ 541,462

**Pension Plan Fiduciary Net Position:**

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at [www.mnpera.org](http://www.mnpera.org).

**NOTE 7. RISK MANAGEMENT**

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Commission carries insurance. There were no significant reductions in insurance from the previous year or settlements in excess of insurance.

**NOTE 8. CHANGE IN ACCOUNTING PRINCIPLE**

During 2015, the Commission implemented Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. GASB 68 addresses accounting and financial reporting for pension plans that are provided to employees of state and local governments. The standards require the Commission to record its share of the net pension liability of defined benefit pension plans, as well as any corresponding deferred inflows and outflows of resources. These standards required a retroactive implementation which resulted in a decrease in net position to record the net pension liability and deferred outflow of resources at the beginning of the year.

NARRATIVE & PRELIMINARY

**NORTH METRO TELECOMMUNICATIONS COMMISSION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Franchise fees	\$ 1,060,000	\$ 1,060,000	\$ 1,181,470	\$ 121,470
PEG fees	730,000	730,000	771,519	41,519
Interest	300	300	3,340	3,040
Other	20,000	20,000	33,508	13,508
Transfers from reserves	-	-	-	-
<b>TOTAL REVENUES</b>	<u>1,810,300</u>	<u>1,810,300</u>	<u>1,989,837</u>	<u>179,537</u>
<b>EXPENDITURES</b>				
Franchise fee reimbursements	320,000	320,000	320,000	-
Personnel	702,147	702,147	700,900	1,247
Employee benefits	251,637	251,637	246,016	5,621
Office	101,000	101,000	160,471	(59,471)
Legal fees	35,000	35,000	8,719	26,281
Other administrative costs	62,000	62,000	53,214	8,786
Vehicle	9,500	9,500	3,402	6,098
Production	28,000	28,000	35,921	(7,921)
Capital expenditures	301,016	301,016	410,287	(109,271)
<b>TOTAL EXPENDITURES</b>	<u>1,810,300</u>	<u>1,810,300</u>	<u>1,938,930</u>	<u>(128,630)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	50,907	<u>\$ 50,907</u>
Plus effect of capital assets purchased			210,071	
Plus effect of debt service			185,000	
Less effect of depreciation			(374,144)	
Less effect of net pension liability			(60,950)	
<b>CHANGE IN NET POSITION (GAAP BASIS)</b>			<u>\$ 10,884</u>	

TENTATIVE & PRELIMINARY

**NORTH METRO TELECOMMUNICATIONS COMMISSION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Franchise fees	\$ 1,050,000	\$ 1,050,000	\$ 1,097,160	\$ 47,160
PEG fees	730,000	730,000	748,088	18,088
Interest	300	300	333	33
Other	20,000	20,000	36,768	16,768
Transfer from reserves	313,825	313,825	-	(313,825)
<b>TOTAL REVENUES</b>	<u>2,114,125</u>	<u>2,114,125</u>	<u>1,882,349</u>	<u>(231,776)</u>
<b>EXPENDITURES</b>				
Franchise fee reimbursements	320,000	320,000	320,000	-
Personnel	670,554	670,554	666,881	3,673
Employee benefits	238,288	238,288	233,945	4,343
Office	92,400	92,400	86,369	6,031
Legal fees	100,000	100,000	37,657	62,343
Other administrative costs	59,500	59,500	43,704	15,796
Vehicle	9,500	9,500	4,067	5,433
Production	30,000	30,000	35,797	(5,797)
Capital expenditures	594,095	594,095	443,264	150,831
<b>TOTAL EXPENDITURES</b>	<u>2,114,337</u>	<u>2,114,337</u>	<u>1,871,684</u>	<u>242,653</u>
<b>REVENUES OVER EXPENDITURES</b>	<u>\$ (212)</u>	<u>\$ (212)</u>	10,665	<u>\$ 10,877</u>
Plus effect of capital assets purchased			65,346	
Plus effect of debt service			355,000	
Less effect of depreciation			(175,452)	
Less effect of amortization			(28,598)	
Less effect of net pension liability			(14,662)	
<b>CHANGE IN NET POSITION (GAAP BASIS)</b>			<u>\$ 212,299</u>	

TENTATIVE & PRELIMINARY



**NORTH METRO TELECOMMUNICATIONS COMMISSION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY INFORMATION**

The Board of Commissioners adopts an annual legal budget for the Commission's enterprise funds. The budget for the funds is prepared on the modified accrual basis and includes capital outlays and debt service as expenditures. Additionally, the funds do not include depreciation and amortization as a budgetary expenditure. The reconciliation of the modified accrual basis (budgetary basis) to GAAP basis is found at the bottom of the schedules. Budgetary level of control is exercised at the overall budget level. During the years ended December 31, 2016 and 2015, the Commission did not approve any specific budget adjustments.

INITIATIVE & PRELIMINARY

**NORTH METRO TELECOMMUNICATIONS COMMISSION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER'S PERA CONTRIBUTIONS**  
For the Year Ended December 31, 2016

<b>Fiscal Year Ending</b>	<b>Statutorily Required Contribution (a)</b>	<b>Contributions in Relation to the Statutorily Required Contribution (b)</b>	<b>Contribution Deficiency (Excess) (a-b)</b>	<b>Covered- Employee Payroll (d)</b>	<b>Contributions as a Percentage of Covered- Employee Payroll (b/d)</b>
December 31, 2016	\$ 48,989	\$ 48,989	\$ -	\$ 653,187	7.50%
December 31, 2015	\$ 45,452	\$ 45,452	\$ -	\$ 606,027	7.50%

\* Schedule is to be provided prospectively beginning with the employer's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

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**NORTH METRO TELECOMMUNICATIONS COMMISSION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER'S SHARE OF PERA NET PENSION LIABILITY**  
**For the Year Ended December 31, 2016**

Measurement Date	Fiscal Year Ending	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with NDC4 (a)	Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with NDC4 (a)	Employer's Covered-Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll (a/b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll (a/b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll (a/b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll (a/b)
June 30, 2016	December 31, 2016	0.0102%	\$ 828,188	\$ 10,782	\$ 838,970	\$ 629,160	131.6%	131.6%	131.6%	131.6%
June 30, 2015	December 31, 2015	0.0101%	\$ 523,433	\$ -	\$ 523,433	\$ 592,187	88.4%	88.4%	88.4%	88.4%

45 Schedule is to be provided prospectively beginning with the employer's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

TENTATIVE & PRELIMINARY

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners  
North Metro Telecommunications Commission  
Blaine, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of North Metro Telecommunications Commission (the Commission), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise North Metro Telecommunications Commission's basic financial statements and have issued our report thereon dated June 28, 2017.

**Internal Control over Financial Reporting**

RESTATEMENT & PRELIMINARY

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies and listed as items 2016-1 and 2016-2 on the Schedule of Findings and Responses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **North Metro Telecommunications Commission's Response to the Findings**

North Metro Telecommunications Commission's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

June 28, 2017

**NORTH METRO TELECOMMUNICATIONS COMMISSION**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
For the Year Ended December 31, 2016

**2016-1 Lack of Segregation of Duties**

Condition: North Metro Telecommunications Commission does not have adequate internal accounting controls in certain areas because of a lack of segregation of duties.

Criteria: Internal controls should provide a good system of internal accounting controls that contemplate an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Cause: This condition is common to organizations of this size due to the limited number of office personnel.

Effect: The lack of segregation of duties may not provide an effective system of internal accounting control necessary to prevent and detect errors and irregularities.

Recommendation: Management should provide close supervision and review of accounting policies and procedures and financial information. The Board of Commissioners should monitor the activities of the Commission by receiving interim financial statements and provide oversight to the financial reporting process. Any modifications of internal controls in this area should be reviewed from a cost/benefit perspective.

Management Response: Management will continue to implement segregation of duties to the extent possible. Management and the Board of Commissioners will continue to provide oversight to the financial reporting process.

**2016-2 Financial Reporting Process**

Condition: Like many similarly sized organizations, North Metro Telecommunications Commission has requested assistance from us, the auditors, with drafting financial statements and the related notes.

Criteria: Internal controls should provide a good system of internal accounting controls that includes the preparation of the financial statements and footnotes.

Effect: This control deficiency increases the possibility that errors and irregularities in the presentation of the financial statements and footnotes may not be detected on a timely basis.

Recommendation: The outsourcing of these services is not unusual to organizations of this size and is a result of management's cost-benefit decision to rely on our accounting expertise rather than incurring this internal resource cost. Management and the Board of Commissioners should continue to monitor the activities of the Commission by reviewing the financial statements and related notes and providing oversight to the financial reporting process.

Management Response: Management is aware of the situation, but a cost-benefit analysis of the issue does not currently support the allocation of additional employees or resources at this time. Certain other safeguards are currently maintained (management oversight and review of draft financial statements) which provide satisfactory mitigation of the issue.

## INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

To the Board of Commissioners  
North Metro Telecommunications Commission  
Blaine, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of North Metro Telecommunications Commission as of and for the year ended December 31, 2016, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2017.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit included all of the listed categories, except we did not test for compliance with the provisions for tax increment financing because the Commission has not established a tax increment financing district.

In connection with our audit, nothing came to our attention that caused us to believe that North Metro Telecommunications Commission failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Commission's noncompliance with the above referenced provisions.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

TENTATIVE & PRELIMINARY

June 28, 2017

# North Metro TV

August 2017 Update

## Program Production

In August, a total of **81 new programs** were produced utilizing the North Metro facilities, funds, and services. This constitutes **56:45:00 hours of new programming**.

- 31 programs were produced by the public
- 28 programs were produced by NMTV staff
- 22 programs were produced by City staff



## Van Shoots

The HD truck was used for **11:00:00** hours of production. Events produced live and recorded for additional playbacks include:

- Lino Lakes Blue Heron Days Parade
- Girls Tennis: Centennial vs. Blaine
- Volleyball: Blaine vs. Spring Lake Park



## Workshops

Workshop	Instructor	Organization	Students
Bad Movie Bros Studio Shoot	Eric Houston	Video Club	4
Camera	Eric Houston	General Public	2
Gilligan's Island - Behind the Scenes Lecture	Eric Houston	Video Club	14
Special Production Series Class 1	Eric Houston	Blaine/Ham Lake Girl Scouts	13
Editing	Eric Houston	General Public	3
Special Production Series Class 2	Eric Houston	Blaine/Ham Lake Girl Scouts	9
Camera	Eric Houston	General Public	2
Movie Night Discussion - Galaxy Quest	Eric Houston	Video Club	13
Editing	Eric Houston	General Public	3
<b>9 Workshops</b>			<b>63 Students</b>



## Home Movie Transfers

Home movie transfers have become one of our most popular services. Residents can transfer their family videos, film, slides, and photos at North Metro TV themselves for free, or pay NMTV to do it. Most participants want to do it themselves.

Month	Hours Transferred	Tapes	Film Reels	DVDs	Photos/Slides	Fees Paid
January	205.75	58	174	46	80	\$675
February	165.75	65	41	14	672	\$411
March	131.5	41	98	45	0	\$305
April	118.5	60	34	40	0	\$157.50
May	192.25	81	58	16	473	\$215
June	207.5	70	26	65	0	\$274.50
July	179.25	83	5	41	208	\$545
August	132.5	59	69	17	0	\$838
<b>TOTAL:</b>	<b>1,333.00</b>	<b>517</b>	<b>505</b>	<b>284</b>	<b>1,433</b>	<b>\$3,421.00</b>

## Public Usage Stats

For statistical purposes, the public access department documents total numbers of unique individuals and total hours of usage of the facility by the general public, every month. These numbers include regular users, class participants, individuals transferring videos, people who attend events, and any other public usage of the facility. The numbers do not take into account the many members of the public who work with any other NMTV department, such as news, sports, outreach, or educational.

Month	Unique Individuals	Total Usage Hours
January	67	523.5
February	74	461.75
March	54	476.75
April	71	326.5
May	106	665
June	95	511.25
July	75	459.5
August	80	501.75
<b>TOTAL PUBLIC USAGE:</b>		<b>3,926.00</b>

## Production Highlights

### NMTV News Highlights

Each week Danika Peterson and Ben Hayle create a news program that highlights events, people, issues, and information important to citizens of our Member Cities. Some August highlights include:

- Invictus Brewing Company Starts Construction in Blaine
- Blaine Opens Wetland Sanctuary
- Lino Lakes Ready for Blue Heron Days
- Centennial Library Prepares for Expansion
- License Center Experiences Frustrating Delays
- Night to Unite



- 3M Championship Celebrates 25 Years of Golf
- Great Minnesota Knit Together

In addition to daily playbacks of North Metro TV News on the cable systems, there are over 425 local stories archived for viewers on the NMTV YouTube page. The page can be accessed through the [northmetrotv.com](http://northmetrotv.com) website.

### Blue Heron Days

Summer event coverage wrapped up in August with Lino Lakes Blue Heron Days events. Municipal Producer, Trevor Scholl, gathered footage for a highlight piece on the weekend festivities for the City channel. In addition to that coverage, NMTV staff videotaped the parade, marched in the parade, and took photographs of parade watchers and posted them to Facebook. A news story publicizing Blue Heron Days was also produced prior to the event.



### Girl Scouts Class

Studio Manager, Eric Houston, began work with a group of 13 Girl Scouts and Scout Leaders in August. The project will be fairly long-term as Eric trains and guides the girls in the creation of a PSA about the cost of devoting too much of one's time to smart phones and other media. After a couple of planning classes, a weekly class schedule is being worked out around school and family schedules.

### Every Movie Ever

Eric continues to work with a group of high school students to produce the series "Every Movie Ever Made." To date fourteen episodes have been produced with another two recorded and awaiting editing. All the behind the scenes work on the series is done by the students, including graphics development, research, and editing. Several students involved with the project have special needs. NMTV values its mutually beneficial partnership with the Blaine High School Work Experience Group, which continues to recommend students for the project.

### Coach & Captains, Sports Den Return

You know the end of summer has arrived when the Sports Crew starts gearing up for high school coverage. NMTV's wildly popular weekly sports-wrap program, Sports Den, premiered at the end of the month. The show highlights coaches, athletes, and plays and scores from the previous weeks' games. Also popular are the Coach & Captain segments that go in-depth to highlight specific teams, featuring interviews with their captains and coaches.



We try to get all of our teams covered, but depend on team interest, cooperation, and scheduling. Nine episodes were produced in August

### City Productions

Municipal Producer, Trevor Scholl, completed five projects in August and started or continued work on several more. He contacted and met with City officials and department contacts regarding additional programming possibilities. He also spent a great deal of time covering events for the Lino Lakes Blue Heron Days celebration. Projects that were completed in August include:

- Fetes Des Lacs Celebration
- Blue Heron Days
- Blaine Promo
- Lino Lakes Promo
- Spring Lake Park Promo
- Shot drone footage for Blaine promo
- Toured Lino Lakes Correctional Facility, developed program concept, and arranged shoot dates with Warden
- Provided a variety of new photos to Lexington for their website

Future projects being organized or completed in August

- Lino Lakes HeartSafe and the Public Safety Open House
- Centerville Fall Mayor's Minutes
- Developing Community Corner program to be hosted by City Administrators for those Cities with Mayor's unable to participate in Mayor's Minutes programs
- Circle Pines Promo
- Blaine Mayor's Minutes
- New Blaine City promo
- Lexington Fall Fest
- Lino Lakes corrections facility piece
- Contacted Jim Fischer re Lexington public works project
- Northstar Water Media Society Art Show at Blaine City Hall
- Contacted Wayne Wegener re Lino Lakes police project ideas
- Animal Humane Society children's programs project
- Business profiles
- Fire station recruitment needs for each department
- Explorers programs
- City comprehensive plan coverage

Trevor touches base with contacts on a regular basis and also encourages Cities to contact him whenever they have an idea for a new show.

## Production equipment consulting for cities and schools

### **Blaine**

- Meeting scheduled with Alpha Video for walkthrough at Blaine City Hall. Waited half an hour. Alpha is no show.
- Reschedule Alpha walkthrough to nail down starting and end date for installation.
- Met with Roark Haver and Alpha Video Engineer for a walkthrough at Blaine City Hall. Answered questions Alpha Video had and made plans regarding the audio & video system set-up. Advised Roark to renumber cameras to make a bit more sense for the operator.
- Emailed Roark Haver regarding the Makito X network & IP address. Roark supplied IT department contact for Blaine, Bev Rottinghaus. Told her we need to get the Makito X into the network from the video control room & also get a static IP address. Informed her it would take a certain amount of bandwidth to broadcast this live and she will look into any issues that may arise.
- Evaluate system layout designs with Roark Haver.
- Figure out how to best set-up desk and racks at Blaine City Hall. Talk with Roark and Alpha regarding possibly installing a blu-ray player and making it switchable via a small 2x1 router between that the live signal. Also talked about the Comcast confidence monitor that needs to have a display in the Blaine control room.

### • **Centerville**

- Centerville staff expressed concern that Alpha is not getting back to them with an HD proposal quickly. Matt reassured staff that he is monitoring the project and that with a large company like Alpha smaller projects often experience delays. Two different upgrade scenarios are being examined, dependent on funding. Matt spoke with the Alpha rep and was told that an updated quote would be coming soon.
- Called Teresa and reported that Alpha's proposal should be arriving soon. She was told not to be too concerned with the listed final price, as it incorporates all the options together, not individually. As such it will appear inflated until a final design is selected.
- Teresa called with budget info for the project. The final design selection will determine additional resources needed.
- Tried to contact Alpha regarding Centerville proposal. Left a voice mail. Want to make sure Centerville staff knows we are continuing to push for a final quote from Alpha. (8/15/17)
- Emailed Alpha regarding Centerville proposal. Told Mike to send all options to Teresa and then a decision can be made regarding final design. (8/16/17)
- Alpha sent proposal to Teresa. (8/16/17)
- Fixed SCALA computer power button.
- Talked with Teresa regarding HD upgrade process. Was told that the proposal has been sent to the Finance Department, for approval of funding.

### **Circle Pines**

- Emailed Patrick regarding HD upgrade and DVD burner issues. Asked when Circle Pines would like to start working on the HD upgrade. He said this fall. Followed up to see how the DVD burner is functioning.

- Patrick responded to email stating that Circle Pines does not want a new DVD recorder and will keep a file on hard drive until the new HD system is built.
- Patrick responds to question. Reports that City is still doing VHS recording in case system fails. He will come to collect copy for his hard drive.

#### **Ham Lake**

- Ham Lake staff requested that Matt contact Alpha for HD upgrade proposal. Talked with Alpha regarding Ham Lake HD upgrade. Will do comparison between Alpha, Z System and iSpace proposals. A project manager has been assigned by Alpha. They will contact Denise to set up meeting.
- Talked with Z Systems regarding Ham Lake system. Considered various options for podium A/V systems and ease of use.
- Camera 1 not controllable. Switcher couldn't find the camera. Found a setting on the switcher that said "Find Camera". Tried it, and it found the camera. Issue resolved.
- Got a call from Denise regarding microphone decision for system. Met with Alpha engineer assigned to project.
- Z Systems sent a proposal to Denise. It outlines a UPS for back-up power and surge protection at Matt's request. It also includes new council chambers monitor functionality and a digital signage player for animated logo for in between chamber meetings.
- Tried to set up meeting with Alpha to meet at Ham Lake. Alpha wants to see the council and control room before sending a proposal. Alpha hasn't gotten back to Matt yet. Trying for Wednesday, August 23rd at 1:00 p.m.
- Emailed Emily Polansky at MSpace about Ham Lake proposal. Per Denise's request Matt made sure Emily has all the newest information on what Ham Lake will need for their HD upgrade. Emily is working on sending a new proposal.

#### **Lexington**

- No equipment assistance requested or required.

#### **Lino Lakes**

- Supplied requested info to Alpha regarding HD build. Alpha sent Jeff Karlson and Matt a long list of questions regarding the HD RFP. Had to make inquiries regarding some of the more technical audio details.
- Alpha would like to make changes to Lino plan. Matt told them to stick to the plans provided by Z Systems so we can compare apples to apples. Alpha was too busy last year to get this done in a timely manner for Lino Lakes so Z Systems made the design. Matt answered all the questions Alpha had and sent the drawings and cc'd Jeff Karlson on the email.
- Answered Z Systems questions regarding the Lino Lakes bid.
- Received Lino Lakes bid from Z Systems. The final bid was \$50,000 less than the first proposal.
- Received bids from Alpha Video.
- Reviewed the bids for Lino Lakes from Alpha Video and Z Systems. Created a comparison spreadsheet Alpha Video beat out Z Systems by about \$18,000 on the final bids, mostly labor and materials. The final price will be under \$100k.

#### **Spring Lake Park**

- Emailed Wanda about Sony camera and firmware upgrade. Matt informed Wanda he is still working with Alpha about getting someone out there to check on the camera and upgrade the firmware.
- Emailed Alpha to remind them that Spring Lake Park's Broadcast Pix system needs a firmware upgrade and they also have a bad Sony camera.
- Met with Wanda and Alpha regarding camera issue. Matt went through all the tests he had done on the camera. While the Broadcast Pix switcher is acting up a little, the problem was isolated to the camera. The camera inputs are doing a lot of color shifting. Alpha is looking into whether the camera can be repaired.
- Responded to Wanda's inquiry regarding her return monitor. An Alpha engineer had changed a few settings.
- Contacted Wanda concerning the Makito X install. She connected Matt with the Cities IT person. They are making sure that there is an IP address for the Makito install and that there is a jack to connect to in the video control room. Firewall concerns were also discussed.
- Responded to Wanda's questions regarding AJA hard drive drop offs for HD playback on the system after the Makito install. The meetings will still need to be recorded on the AJA for redundancy, but the hard drives don't need to be dropped off, unless there is a recording issue at the NMTV head-end.
- Ordered an HDMI to HD-SDI AJA converter & 2X1 router to convert and route the Spring Lake Park signal.

- Received the network port & IP address for the Spring Lake Park Makito install.
- Got the Makito X decoders operating in master control. Set up IP addresses and multicast addresses.
- Arranged time to install Makito X.
- Experimented with blu-ray players for bump graphics after live feeds. Found blu-ray player not converting correctly has to do with a HDCP copyright protection embedded on the HDMI output of the player, since it is a consumer level electronic device. Will use digital signage players instead of blu-ray players.
- Tested audio transmission over the Makito X. Audio worked great. Ran into a problem with a Creston Scaler not working. The whole podium area didn't function. Worked up a quick fix for the Council meeting by displaying the map they needed to air as a .jpg graphic that wouldn't work through the document scanner. Wrote Alpha and email about the situation.
- Met Alpha at Spring Lake Park to work through issues. Found bad power supplies so re-installed some new ones and got most of the equipment up and running after digging through the system and changing a bunch of settings. The Crestron controller at the podium will not power up, probably a power surge. Alpha too that to work on. They are also still working on the bad camera. Got the HDTV tuner to work again...bad power supply. Met Comcast tech to replace the Comcast DTA box with a new one...the power supply was bad, and SLP got a new blue-tooth capable remote control.
- Ordered new file-based playback device. Got another HDMI-SDI & SDI-HDMI converter as a back-up spare.
- Installed the Brightsign digital file player at Spring Lake Park. Tested. Working great.
- Camera 4 has a bad video block according to Sony and will cost \$3,500 to fix. Matt suggests getting a new camera model with a larger sensor for dark applications instead of fixing the old one.

#### **All Cities**

- Verified with Alpha that there is a 120V - 20amp circuit available in master control for City Carousel systems.
- Matt contacted all Cities regarding upcoming Carousel install. All were informed that the Carousels will be integrated onto the city channels during the week after Labor Day. Also, that Matt will be stopping by each City to inspect & take notes and what will be needed to install a device to replace the SCLA systems and mentioned our plan of providing a continuous looping video that mirrors the look of their Carousel.
- Obtain a list of IP addresses for the 7 Carousel servers, 2 Makito X Decoders and 1 Ross OpenGear frame.
- Fixed return feed in master control from the Cities. Alpha Video took the router in master control down to install a new card during the upgrade. One of the cards failed to come back on during the reghoot. Re-seated the card and it fired up and the signals were restored.
- Contacted Tightrope to work through some Carousel issues. Having trouble playing video. Got new version of software, installed in each unit, and video plays fine.
- Approved sign-off on the Carousel and Makito project.
- Hooked up multi-view monitor at front desk of NMTV for easy staff monitoring of City channels.

### City Channel 16 Playback Stats

City	Number of Times Programs Played	Hours Programmed on Channel
Blaine	535	256:03:00
Centerville	90	66:28:30
Circle Pines	166	71:38:28
Ham Lake	64	32:43:48
Lexington	115	95:15:42
Lino Lakes	128	73:10:12
Spring Lake Park	178	140:25:08
<b>Totals:</b>	<b>1,276 Program Playbacks</b>	<b>735:44:48 Hours of Video Programming on Channels</b>

## Programs Produced by the Public

Title	Producer	Runtime
Every Movie Ever Made (2 episodes)	Lizzy Sigler, Gavin Van Trease, Eric Houston	01:02:16
The Super 8 Show	Video Club	00:29:49
Bad Movie Bros (2 episodes)	Video Club	01:17:20
Sloan Sez: Episode 2	Danika Peterson	00:20:50
Cornerstone Church (2 episodes)	Rick Bostrom	00:55:41
The Power of Love (4 episodes)	Rick Larson	02:00:00
LovePower (4 episodes)	Ann Sandell	04:00:00
Rice Creek Watershed District Meeting (2 episodes)	Theresa Stasica	03:52:55
Monday Motivation With Bukola (4 episodes)	Bukola Oriola	03:21:18
Hope Church (3 episodes)	Cindy Hardy	02:11:02
Oak Park Moments (6 episodes)	Dave Turnidge	03:29:47
<b>31 New Programs</b>		<b>23:00:58 New Hours</b>

## Programs Produced by NMTV Staff

Title	Producer	Runtime
Anoka County Board Meeting (8/8/17)	T.J. Tronson	00:41:35
NMTV News (4 episodes)	Danika Peterson/Ben Hayle	01:14:47
Wetland Sanctuary Opening	Danika Peterson/Ben Hayle	00:04:00
Invictus Brewing Breaks Ground	Danika Peterson/Ben Hayle	00:02:13
105th Avenue Ready for Upgrade	Danika Peterson/Ben Hayle	00:02:02
Night to Unite	Danika Peterson/Ben Hayle	00:03:12
Blue Heron Days	Trevor Scholl	00:04:46
Lino Lakes Promo	Trevor Scholl	00:00:40
Ham Lake Promo	Trevor Scholl	00:01:03
Spring Lake Park Promo	Trevor Scholl	00:01:26
Fetes Des Lacs	Trevor Scholl	00:06:17
Lino Lakes Blue Heron Days Parade	Kenton Kipp	00:57:17
Girls Tennis: Centennial vs. Blaine	Kenton Kipp	01:53:58
Volleyball: Blaine vs. Spring Lake Park	Kenton Kipp	02:08:30
Sports Den Fall Premiere	Kenton Kipp	00:29:26
Sports Den	Kenton Kipp	00:29:30
Coach & Captains: Spring Lake Park Volleyball	Kenton Kipp	00:04:24
Coach & Captains: Centennial Swimming	Kenton Kipp	00:03:06
Coach & Captains: Centennial Cross Country	Kenton Kipp	00:03:53
Coach & Captains: Blaine Swimming	Kenton Kipp	00:03:55
Coach & Captains: Blaine Boys Soccer	Kenton Kipp	00:04:28
Coach & Captains: Centennial Girls Soccer	Kenton Kipp	00:03:39
Coach & Captains: Blaine Football	Kenton Kipp	00:04:17
Coach & Captains: Blaine Girls Tennis	Kenton Kipp	00:03:04
Coach & Captains: Spring Lake Park Football	Kenton Kipp	00:03:22
<b>28 New Programs</b>		<b>08:54:00 New Hours</b>

## Programs Produced by City Staff

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Title	Producer	Runtime
Blaine City Council Meeting (8/3/17)	Blaine Staff	01:05:40
Blaine Planning Commission Meeting (8/8/17)	Blaine Staff	01:37:21
Blaine Traffic Commission Meeting (8/9/17)	Blaine Staff	01:36:11
Blaine City Council Meeting (8/17/17)	Blaine Staff	01:01:15
Blaine Park Board Meeting (8/22/17)	Blaine Staff	00:46:26
Centerville City Council Meeting (8/9/17)	Centerville Staff	01:21:04
Centerville City Council Meeting (8/23/17)	Centerville Staff	02:23:15
Circle Pines City Council Meeting (8/8/17)	Circle Pines Staff	00:59:15
Circle Pines Utility Commission Meeting (8/16/17)	Circle Pines Staff	00:09:31
Circle Pines City Council Meeting (8/22/17)	Circle Pines Staff	00:04:59
Ham Lake City Council Meeting (8/7/17)	Ham Lake Staff	00:42:22
Ham Lake Planning Commission Meeting (8/14/17)	Ham Lake Staff	00:40:41
Ham Lake City Council Meeting (8/21/17)	Ham Lake Staff	00:16:49
Lexington City Council Meeting (8/3/17)	Lexington Staff	01:30:35
Lexington City Council Meeting (8/17/17)	Lexington Staff	00:23:58
Lino Lakes Planning & Zoning Meeting (8/10/17)	Lino Lakes Staff	02:09:54
Lino Lakes City Council Meeting (8/12/17)	Lino Lakes Staff	01:34:01
Lino Lakes City Council Meeting (8/24/17)	Lino Lakes Staff	00:57:28
Lino Lakes Environmental Board Meeting (8/26/17)	Lino Lakes Staff	01:05:45
Spring Lake Park City Council Meeting (8/7/17)	Spring Lake Park Staff	00:59:37
Spring Lake Park Planning Commission Meeting (8/21/17)	Spring Lake Park Staff	00:53:23
Spring Lake Park City Council Meeting (8/28/17)	Spring Lake Park Staff	02:28:43
<b>22 New Programs</b>		<b>24:48:13 New Hours</b>

If you have any questions or comments regarding this monthly report please contact Heidi Arnson at 763.231.2801 or [harnson@northmetrotv.com](mailto:harnson@northmetrotv.com).

# NORTH METRO TV

## Production Statistics 2017

Programming Statistics														
	J	F	M	A	M	J	JU	A	S	O	N	D	17 Total	17 Average
Cablecast Programs														
Cablecast Hours	2550.00	2317.00	1852.00	2087.00	2537.00	5705.00	2165.00	2154.00					21367.00	1780.58
Programs Produced - Public	1851.00	1568.00	1322.50	1508.50	1842.50	2325.50	1575.50	1412.00					13405.50	1117.13
Program Hours Produced - Public	27.00	23.00	25.00	31.00	25.00	37.00	16.00	16.00					200.00	16.67
Prog. Produced - Affiliated Public	14.75	18.25	15.50	15.50	12.00	16.75	8.25	10.00					111.00	9.25
Prog. Hours Produced - Affil. Public	6.00	8.00	9.00	9.00	8.00	3.00	9.00	15.00					67.00	5.58
Programs Produced - City Staff	21.00	20.00	8.50	8.00	8.50	3.00	8.25	13.00					64.75	5.40
Prog. Hours Produced - City Staff	16.25	23.50	17.50	21.50	20.50	22.50	21.00	22.00					169.00	14.08
Programs Produced - NMTV Staff	33.00	22.00	16.00	17.00	43.00	28.00	26.25	24.75					172.75	14.40
Prog. Hours Produced - NMTV Staff	17.50	18.00	11.50	13.00	20.45	25.75	32.50	28.00					224.00	18.67
Total Public Programs Produced	33.00	31.00	34.00	40.00	33.00	40.00	25.00	31.00					267.00	22.25
Total Internal Programs Produced	54.00	42.00	36.00	41.00	65.00	47.00	58.00	50.00					393.00	32.75
% Staff Produced Programs	87.00	73.00	70.00	81.00	98.00	87.00	83.00	81.00					660.00	55.00
% Public Produced Programs	62.07%	57.53%	51.43%	50.62%	66.33%	54.02%	69.88%	61.73%					59.55%	59.55%
External Programs Submitted	37.93%	42.47%	48.57%	49.38%	33.67%	45.98%	30.12%	38.27%					40.45%	40.45%
External Program Hours	81.00	18.00	33.00	22.00	23.00	38.00	23.00	24.00					262.00	21.83
Total New Programs	72.75	15.00	24.00	17.00	20.50	30.75	20.00	17.75					217.75	18.15
Total Program Hours	168.00	91.00	103.00	103.00	121.00	125.00	106.00	105.00					922.00	76.83
Equipment Usage Statistics														
Facility Hours Available														
Public Field Equipment Uses	208.50	199.00	246.00	200.00	229.00	231.00	190.00	186.00					1689.50	140.79
Studio A	10.00	9.00	12.00	4.00	7.00	8.00	8.00	11.00					69.00	5.75
% of Available Time	36.25	84.00	39.75	19.50	34.00	26.25	110.50	107.75					458.00	38.17
Studio B	17.39%	42.21%	16.16%	9.75%	14.85%	11.36%	58.16%	57.93%					27.11%	27.11%
% of Available Time	26.00	25.50	24.00	23.25	34.25	3.25	0.00	2.00					138.25	11.52
Public MAC A Edit Suite	12.47%	12.81%	9.76%	11.63%	14.96%	1.41%	0.00%	1.08%					8.18%	8.18%
% of Available Time	118.00	115.75	101.25	71.00	89.50	81.00	109.00	87.75					773.25	64.44
Public MAC B Edit Suite	56.59%	58.17%	41.16%	35.50%	39.08%	35.06%	57.37%	47.18%					45.77%	28.96%
% of Available Time	111.50	114.75	108.00	105.25	89.00	94.75	101.25	101.50					826.00	68.83
Public MAC C Edit Suite	53.48%	57.66%	43.90%	52.63%	38.86%	41.02%	53.29%	54.57%					48.89%	48.89%
% of Available Time	138.50	103.50	133.00	68.75	133.50	85.75	75.50	79.00					817.50	68.13
Production Van Statistics	66.43%	52.01%	54.07%	34.38%	58.30%	37.12%	39.74%	42.47%					48.39%	48.39%
Production Hours														
Number of Van Shoots	14.25	30.00	14.00	16.00	49.75	63.00	66.25	16.00					269.25	22.44
Average Hours Per Shoot	2.00	4.00	2.00	3.00	8.00	10.00	8.00	3.00					40.00	3.33
Number of New Volunteers	7.13	7.50	7.00	5.33	6.22	6.30	8.28	5.33					6.73	1.87
Volunteer Hours	2.00	3.00	0.00	2.00	5.00	7.00	4.00	3.00					26.00	2.17
Public Access Statistics	14.00	22.00	11.00	14.00	113.00	166.00	47.00	11.00					398.00	33.17
Number of Workshops														
Number of Students	9.00	6.00	7.00	6.00	14.00	6.00	5.00	9.00					62.00	5.17
PAP Volunteer Hours	31.00	24.00	45.00	25.00	68.00	65.00	41.00	63.00					362.00	30.17
Total Public Facility Usage Hours	140.50	210.50	169.00	101.50	111.50	116.25	175.50	145.00					1169.75	97.48
Tours	523.50	461.75	476.75	326.50	665.00	511.25	459.50	501.75					3926.00	327.17
Tour Attendees	0.00	0.00	0.00	2.00	0.00	1.00	0.00	0.00					3.00	0.25
	0.00	0.00	0.00	26.00	0.00	19.00	0.00	0.00					45.00	3.75



# 2017 Time of Use Stats

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total	Average
<b>Studio A</b>														
Morning Available Hours	48.50	54.50	65.00	50.00	52.00	49.00	42.00	35.00					396.00	33.00
Morning Hours Used	7.00	7.50	13.50	9.00	22.00	11.50	7.50	16.00					94.00	7.83
Percent of Available	14.43%	13.76%	20.77%	18.00%	42.31%	23.47%	17.86%	45.71%					23.74%	23.74%
Afternoon Available Hours	88.00	82.50	100.00	85.00	100.00	96.00	76.00	79.00					706.50	58.88
Afternoon Hours Used	6.00	20.75	8.50	10.50	0.00	6.00	12.50	9.50					73.75	6.15
Percent of Available	6.82%	25.15%	8.50%	12.35%	0.00%	6.25%	16.45%	12.03%					10.44%	10.44%
Evening Available Hours	72.00	62.00	81.00	65.00	77.00	86.00	72.00	72.00					587.00	48.92
Evening Hours Used	23.25	55.75	17.75	0.00	12.00	8.75	90.50	82.25					290.25	24.19
Percent of Available	32.29%	89.92%	21.91%	0.00%	15.58%	10.17%	125.69%	114.24%					49.45%	49.45%
<b>Studio B</b>														
Morning Available Hours	48.50	54.50	65.00	50.00	52.00	49.00	42.00	11.00					372.00	31.00
Morning Hours Used	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					1.00	0.08
Percent of Available	2.06%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					0.27%	0.27%
Afternoon Available Hours	88.00	82.50	100.00	85.00	100.00	96.00	76.00	24.00					651.50	54.29
Afternoon Hours Used	3.00	0.00	1.00	0.00	1.00	0.00	0.00	2.00					7.00	0.58
Percent of Available	3.41%	0.00%	1.00%	0.00%	1.00%	0.00%	0.00%	8.33%					1.07%	1.07%
Evening Available Hours	72.00	62.00	81.00	65.00	77.00	86.00	72.00	28.00					543.00	45.25
Evening Hours Used	22.00	25.50	23.00	33.25	33.25	3.25	0.00	0.00					130.25	10.85
Percent of Available	30.56%	41.13%	28.40%	35.77%	43.18%	3.78%	0.00%	0.00%					23.99%	23.99%
<b>Public MAC A Edit Suite</b>														
Morning Available Hours	48.50	54.50	65.00	50.00	52.00	49.00	42.00	35.00					396.00	33.00
Morning Hours Used	23.25	35.00	25.75	22.75	23.75	19.50	23.00	13.75					186.75	15.56
Percent of Available	47.94%	64.22%	39.62%	45.50%	45.67%	39.80%	54.76%	39.29%					47.16%	47.16%
Afternoon Available Hours	88.00	82.50	100.00	85.00	100.00	96.00	76.00	79.00					706.50	58.88
Afternoon Hours Used	60.00	56.75	62.75	37.25	51.25	39.50	56.00	53.00					416.50	34.71
Percent of Available	68.18%	68.79%	62.75%	43.82%	51.25%	41.15%	73.68%	67.09%					58.95%	58.95%
Evening Available Hours	72.00	62.00	81.00	65.00	77.00	86.00	72.00	72.00					587.00	48.92
Evening Hours Used	34.75	24.00	12.75	11.00	14.50	22.00	30.00	21.00					170.00	14.17
Percent of Available	48.26%	38.71%	15.74%	16.92%	18.83%	25.58%	41.67%	29.17%					28.96%	28.96%
<b>Public MAC B Edit Suite</b>														
Morning Available Hours	48.50	54.50	65.00	50.00	52.00	49.00	42.00	35.00					396.00	33.00
Morning Hours Used	18.25	22.00	19.00	32.50	21.50	19.75	22.00	19.50					174.50	14.54
Percent of Available	37.63%	40.37%	29.23%	65.00%	41.35%	40.31%	52.38%	55.71%					44.07%	44.07%
Afternoon Available Hours	88.00	82.50	100.00	85.00	100.00	96.00	76.00	79.00					706.50	58.88
Afternoon Hours Used	65.50	61.25	55.75	49.75	43.00	49.00	51.75	48.50					424.50	35.38
Percent of Available	74.43%	74.24%	55.75%	58.53%	43.00%	51.04%	68.09%	61.39%					60.08%	60.08%
Evening Available Hours	72.00	62.00	81.00	65.00	77.00	86.00	72.00	72.00					587.00	48.92
Evening Hours Used	27.75	31.50	33.25	23.00	24.50	26.00	27.50	33.50					227.00	18.92
Percent of Available	38.54%	50.81%	41.05%	35.38%	31.82%	30.23%	38.19%	46.53%					38.67%	38.67%
<b>Public MAC C Edit Suite</b>														
Morning Available Hours	48.50	54.50	65.00	50.00	52.00	49.00	42.00	35.00					396.00	33.00
Morning Hours Used	27.75	23.25	24.00	25.75	28.00	24.75	18.00	15.50					187.00	15.58
Percent of Available	57.22%	42.66%	36.92%	51.50%	53.85%	50.51%	42.86%	44.29%					47.22%	47.22%
Afternoon Available Hours	88.00	82.50	100.00	85.00	100.00	96.00	76.00	79.00					706.50	58.88
Afternoon Hours Used	76.00	61.00	55.25	31.50	49.50	45.25	24.50	33.75					376.75	31.40
Percent of Available	86.36%	73.94%	55.25%	37.06%	49.50%	47.14%	32.24%	42.72%					53.33%	53.33%
Evening Available Hours	72.00	62.00	81.00	65.00	77.00	86.00	72.00	72.00					587.00	48.92
Evening Hours Used	34.75	19.25	53.75	11.50	56.00	15.75	33.00	29.75					253.75	21.15
Percent of Available	48.26%	31.05%	66.36%	17.69%	72.73%	18.31%	45.83%	41.32%					43.23%	43.23%

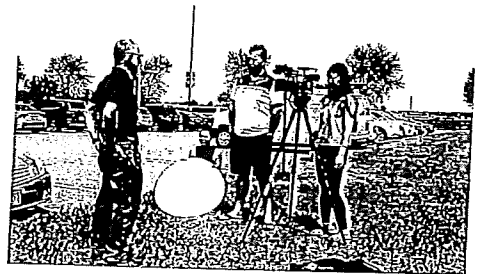
# North Metro TV

July 2017 Update

## Program Production

In July, a total of **83 new programs** were produced utilizing the North Metro facilities, funds, and services. This constitutes **75:15:00 hours of new programming**.

- 25 programs were produced by the public
- 37 programs were produced by NMTV staff
- 21 programs were produced by City staff



## Van Shoots

The HD truck was used for **66:15:00** hours of production. Events produced live and recorded for additional playbacks include:

- USA Cup Weekend: July 14: 3 Games
- USA Cup Weekend: July 15: 3 Games
- USA Cup Weekend: July 16: 4 Games
- USA Cup Opening Ceremonies
- USA Cup: July 19: 3 Games
- USA Cup: July 20: 3 Games
- USA Cup: July 21: 4 Games
- Centerville Fetes Des Lacs Parade



## Workshops

Workshop	Instructor	Organization	Students
Studio A	Eric Houston	Toastmasters	14
Connecting Anoka County Taping	Eric Houston	Video Club	8
Open Studio Night	Eric Houston	Video Club/General Public	13
Editing	Eric Houston	General Public	3
Camera	Eric Houston	General Public	3
5 Workshops			41 Students

## Home Movie Transfers

Home movie transfers have become one of our most popular services. Residents can transfer their family videos, film, slides, and photos at North Metro TV themselves for free, or pay NMTV to do it. Most participants want to do it themselves.

Month	Hours Transferred	Tapes	Film Reels	DVDs	Photos/ Slides	Fees Paid
January	205.75	58	174	46	80	\$675
February	165.75	65	41	14	672	\$411
March	131.5	41	98	45	0	\$305
April	118.5	60	34	40	0	\$157.50
May	192.25	81	58	16	473	\$215
June	207.5	70	26	65	0	\$274.50
July	179.25	83	5	41	208	\$545
<b>TOTAL:</b>	<b>1,200.50</b>	<b>458</b>	<b>436</b>	<b>267</b>	<b>1,433</b>	<b>\$2,583.00</b>

## Public Usage Stats

For statistical purposes, the public access department documents total numbers of unique individuals and total hours of usage of the facility by the general public, every month. These numbers include regular users, class participants, individuals transferring videos, people who attend events, and any other public usage of the facility. The numbers do not take into account the many members of the public who work with any other NMTV department, such as news, sports, outreach, or educational.

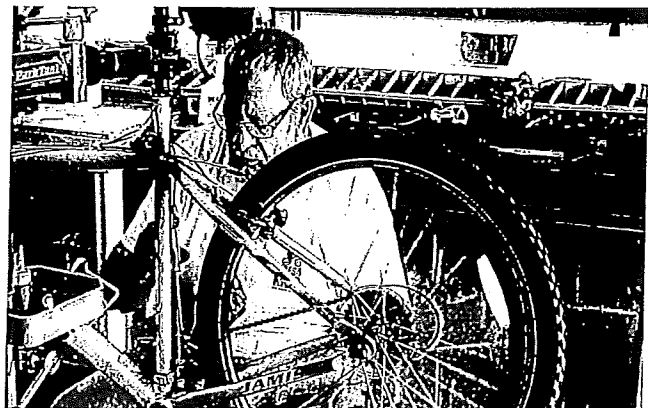
Month	Unique Individuals	Total Usage Hours
January	67	523.5
February	74	461.75
March	54	476.75
April	71	326.5
May	106	665
June	95	511.25
July	75	459.5
<b>TOTAL PUBLIC USAGE:</b>		<b>3,424.25</b>

## Production Highlights

### NMTV News Highlights

Each week Danika Peterson and Ben Hayle create a news program that highlights events, people, issues, and information important to citizens of our Member Cities. Some July highlights include:

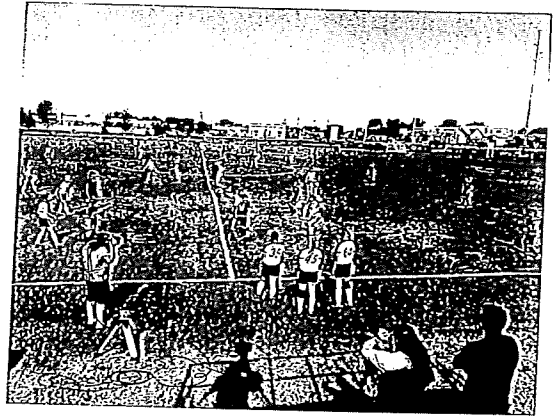
- Ham Lake non-profit Bikes for Kids
- Local Decision 2017: Filing for office in Lino Lakes and Circle Pines
- Blaine 12 year old heads to the BMX World Championship
- Centerville's Fetes des Lacs celebration
- Ham Lake couple featured on water garden tour
- Safety Camp
- Police Chief Olson leaves role with Blaine
- National Sports Center ready for USA Cup
- Blaine police and citizens work together to keep roads safe



In addition to daily playbacks of North Metro TV News on the cable systems, there are over 411 local stories archived for viewers on the NMTV YouTube page. The page can be accessed through the northmetrotv.com website.

### USA Cup Soccer

As always, July is a busy soccer month for North Metro TV. Staff, interns, and volunteers rallied their forces to cover the Opening Ceremonies and 20 USA Cup games, including the pre-USA Cup weekend games. All of the games were live on TV and via the North Metro TV website. It was a very well coordinated and time intensive production schedule but everyone worked together to make the week very successful. It is the first year that our games are available in the blu-ray format only. This is the second year we required purchases of game recordings be made via credit card through our website. It is a much more streamlined and manageable process. The individual games sold for \$15. Orders of 10 or more discs were sold for \$10 each.



### Safety Camp

T.J. Tronson completed his 21st Blaine Safety Camp production in July. He recorded the presentations and activities and then put together a short highlight program. He always puts together the video presentation for campers and their parents for the second night of camp. The highlight version of the event is used for playback on the channels. As always, a link was provided for the Blaine website.

### Open Studio Night

Studio Manager, Eric Houston, hosted North Metro TV's second "Open Studio Night" in July. The purpose of the event is to have a fully crewed studio opportunity for anyone in the community who would like to produce a show, but just doesn't have the crew to do it. Current and new producers are invited to come in and make a show. This time around the crew recorded a table read of an original sitcom script, titled "John Stamos." The cast included two actors from Ham Lake. The volunteer crew had a chance to learn more about producing a show in Studio A. It was a fun night for everyone.

### Fetes des Lacs Celebration

Municipal Producer, Trevor Scholl, spent quite a bit of time gathering footage from all of the Centerville Fetes des Lacs events. Along with NMTV Drone Operator, T.J. Tronson, he was able to get some pretty amazing footage of the festivities. Trevor will edit together a festival highlight program for the City channel. In addition to that coverage, NMTV staff videotaped the parade, marched in the parade, and took photographs of parade watchers and posted them to Facebook.



### City Productions

Municipal Producer, Trevor Scholl, completed nine programs in July and started the work on several more. He continued to call and meet with City officials and department contacts to talk about additional programming possibilities. He also spent a great deal of time covering events for the Centerville Fetes des Lacs celebration. Projects that were completed in July include:

- Tower Days
- Blaine Festival
- Mayor's Minutes: Circle Pines Summer 2017
- Tip 411
- Blaine Traffic Unit
- Mayor's Minutes: Centerville Summer 2017
- Lino Lakes Car Seat Clinics
- Lino Lakes Recycling
- Ham Lake Farmers Market
- Shot state capitol time capsule video for Blaine
- Shot drone footage with T.J. of Fetes des Lacs events

- Shot pictures while marching in the Fetes des Lacs parade and uploaded to Facebook

Future programs being organized or completed include:

- Spring Lake Park Mayor's Minutes
- Ham Lake Mayor's Minutes
- Developing Community Corner program to be hosted by City Administrators for those Cities with Mayor's unable to participate in Mayor's Minutes programs
- A tour of Circle Pines with Mayor Dave
- Lino Lakes YourGov App
- Lino Lakes corrections facility piece
- Fetes Des Lacs events editing
- Blue Heron Days
- Lexington Mayor's Minutes
- New pictures for Lexington website
- Blaine Mayor's Minutes 2
- Business profiles
- Fire station recruitment needs for each department
- Explorers programs
- City comprehensive plan coverage
- Lexington Fall celebration

Trevor touches base with contacts on a regular basis and also encourages Cities to contact him whenever they have an idea for a new show.

### Production equipment consulting for cities and schools

#### **Blaine**

- No equipment assistance requested or required.

#### **Centerville**

- No equipment assistance requested or required.

#### **Circle Pines**

- No equipment assistance requested or required.

#### **Ham Lake**

- Met with Don and Denise to discuss HD upgrade.
- Contacted iSpace, Z Systems, and Alpha Video about getting proposals to Ham Lake staff.
- Contacted Ham Lake staff to report channel graphics down.
- Contacted Ham Lake staff to report channel graphics still down. Rebooted and fixed.

#### **Lexington**

- No equipment assistance requested or required.

#### **Lino Lakes**

- Met Jeff Karlson to discuss the latest upgrade proposal from Z Systems. Matt was able to recommend some changes to the equipment list resulting in \$60,000 less than the previous proposal with essentially the same functionality.
- Presented the HD upgrade recommendation to the Lino Lakes City Council work session, and answered questions.
- Emailed information to Jeff Karlson regarding the bidding process.
- Contacted Lino Lakes staff regarding channel graphics down. Rebooted and fixed.

#### **Spring Lake Park**

- Contacted Comcast to report City and School District channels down. Worked with Comcast to diagnose problem and get channels back up.

## City Channel 16 Playback Stats

City	Number of Times Programs Played	Hours Programmed on Channel
Blaine	321	255:32:45
Centerville	104	56:30:00
Circle Pines	236	80:45:24
Ham Lake	197	54:33:44
Lexington	101	85:17:32
Lino Lakes	178	56:40:00
Spring Lake Park	161	131:15:36
<b>Totals:</b>	<b>1,298 Program Playbacks</b>	<b>720:35:01 Hours of Video Programming on Channels</b>

## Programs Produced by the Public

Title	Producer	Runtime
Connecting Anoka County: Independence For All	Julie Jeppson/Eric Houston	00:20:18
Off Constantly (2 episodes)	McLean Dolphy	01:03:46
Garage Deals	Laurie Sigler/Joe Scholz	00:12:34
John Stamos	Allyson Schue	00:17:05
Every Movie Ever Made (2 episodes)	Lizzy Sigler, Gavin Van Trease, Eric Houston	00:58:28
Cornerstone Church	Rick Bostrom	00:25:02
The Power of Love (4 episodes)	Rick Larson	02:00:00
LovePower (4 episodes)	Ann Sandell	04:00:00
Rice Creek Watershed District Meeting (3 episodes)	Theresa Stasica	04:47:25
Monday Motivation With Bukola	Bukola Oriola	00:36:08
Oak Park Moments (5 episodes)	Dave Turnidge	02:56:00
<b>25 New Programs</b>		<b>16:33:00 New Hours</b>

## Programs Produced by NMTV Staff

Title	Producer	Runtime
Anoka County Board Meeting (7/11/17)	T.J. Tronson	00:32:02
Anoka County Board Meeting (7/27/17)	T.J. Tronson	00:36:47
2017 Blaine Safety Camp	T.J. Tronson	00:18:08
NMTV News (2 episodes)	Danika Peterson/Ben Hayle	00:47:59
Local Decision 2017: File for Office	Ben Hayle	00:02:36
Mayor's Minutes: Circle Pines Summer 2017	Trevor Scholl	00:06:11
Tower Days	Trevor Scholl	00:04:24
Tip 411	Trevor Scholl	00:03:49
Blaine Traffic Unit	Trevor Scholl	00:03:53
Mayor's Minutes: Centerville Summer 2017	Trevor Scholl	00:05:57
Lino Lakes Car Seat Clinics	Trevor Scholl	00:03:57
Lino Lakes Recycling	Trevor Scholl	00:00:48
Ham Lake Farmers Market Muggle Bath	Trevor Scholl	00:04:09
Blaine Festival	Trevor Scholl	00:03:21
USA Cup Weekend: Rev SC/Vici Barcelona Elite	Kenton Kipp	01:23:24
USA Cup Weekend: CNS Fiore/Tempo Lightning	Kenton Kipp	01:13:59
USA Cup Weekend: NB AJAX/Keliix-Intra	P. 64Kenton Kipp	01:19:55

<b>Title cont.</b>	<b>Producer cont.</b>	<b>Runtime cont.</b>
USA Cup Weekend: DePere Select/St. Charles	Kenton Kipp	01:09:58
USA Cup Weekend: RYSA United/Tokiwagi Gauken	Kenton Kipp	01:25:40
USA Cup Weekend: REV SC/Minot Magic	Kenton Kipp	01:21:20
USA Cup Weekend: MTA Swoosh/SSC Diablos	Kenton Kipp	01:17:34
USA Cup Weekend: REV SC Black/NLS Tornadoes	Kenton Kipp	01:05:05
USA Cup Weekend: Menasha Swat/Thunder Bay	Kenton Kipp	01:38:58
USA Cup Weekend: MTA 2002/SSC Diablos	Kenton Kipp	02:10:52
USA Cup Opening Ceremonies	Kenton Kipp	01:16:46
USA Cup: Valley United/Lakeshore	Kenton Kipp	01:37:00
USA Cup: REV SC/Eclipse Select	Kenton Kipp	01:28:30
USA Cup: Brainerd Blast/NSSA Ojambo	Kenton Kipp	01:46:34
USA Cup: Victoria 2005/NOSC Blast	Kenton Kipp	01:15:33
USA Cup: BYSC Belugas/Rudbeckianska	Kenton Kipp	01:54:24
USA Cup: EPSC Celtic/Futbol Consultants	Kenton Kipp	01:24:57
USA Cup: TRSA/Rev SC Black	Kenton Kipp	01:29:18
USA Cup: JOTP/Mid-City Lions	Kenton Kipp	01:49:20
USA Cup: Academy SC/SCS Houston	Kenton Kipp	01:53:53
USA Cup: St. Croix Power Rangers/Centro U	Kenton Kipp	01:47:57
Centerville Fetes Des Lacs Parade	Kenton Kipp	00:47:31
<b>37 New Programs</b>		<b>32:38:46 New Hours</b>

## Programs Produced by City Staff

<b>Title</b>	<b>Producer</b>	<b>Runtime</b>
Blaine Planning Commission Meeting (7/11/17)	Blaine Staff	00:47:38
Blaine Traffic Commission Meeting (7/12/17)	Blaine Staff	00:56:32
Blaine City Council Meeting (7/13/17)	Blaine Staff	03:03:20
Blaine Natural Resource Conservation Board Meeting (7/18/17)	Blaine Staff	01:14:21
Centerville City Council Meeting (7/12/17)	Centerville Staff	02:20:28
Centerville City Council Meeting (7/26/17)	Centerville Staff	02:40:35
Circle Pines City Council Meeting (7/11/17)	Circle Pines Staff	00:49:35
Circle Pines Utility Commission Meeting (7/19/17)	Circle Pines Staff	00:12:01
Circle Pines City Council Meeting (7/25/17)	Circle Pines Staff	00:36:39
Ham Lake City Council Meeting (7/5/17)	Ham Lake Staff	00:13:46
Ham Lake Planning Commission Meeting (7/10/17)	Ham Lake Staff	00:29:08
Ham Lake City Council Meeting (7/17/17)	Ham Lake Staff	00:22:05
Ham Lake Planning Commission Meeting (7/24/17)	Ham Lake Staff	00:07:22
Lexington City Council Meeting (7/6/17)	Lexington Staff	01:08:11
Lexington City Council Meeting (7/20/17)	Lexington Staff	00:41:03
Lino Lakes City Council Meeting (7/10/17)	Lino Lakes Staff	01:38:13
Lino Lakes Planning & Zoning Commission Meeting (7/12/17)	Lino Lakes Staff	02:37:09

<b>Title cont.</b>	<b>Producer cont.</b>	<b>Runtime cont.</b>
Lino Lakes City Council Meeting (7/24/17)	Lino Lakes Staff	00:24:28
Lino Lakes Environmental Board Meeting (7/26/17)	Lino Lakes Staff	02:04:55
Spring Lake Park City Council Meeting (7/17/17)	Spring Lake Park Staff	02:06:56
Spring Lake Park Planning Commission Meeting (7/24/17)	Spring Lake Park Staff	01:46:26
<b>21 New Programs</b>		<b>26:20:51 New Hours</b>

If you have any questions or comments regarding this monthly report please contact  
Heidi Arnson at 763.231.2801 or [harnson@northmetrotv.com](mailto:harnson@northmetrotv.com).



# NORTH METRO TV

## Production Statistics 2017

Programming Statistics	J	F	M	A	M	J	JU	A	S	O	N	D	17 Total	17 Average
<b>Cablecast Programs</b>	2550.00	2317.00	1852.00	2087.00	2537.00	5705.00	2165.00						19213.00	1601.08
<b>Cablecast Hours</b>	1851.00	1568.00	1322.50	1508.50	1842.50	2325.50	1575.50						11993.50	999.46
Programs Produced - Public	27.00	23.00	25.00	31.00	25.00	37.00	16.00						184.00	15.33
Program Hours Produced - Public	14.75	18.25	15.50	15.50	12.00	16.75	8.25						101.00	8.42
Prog. Produced - Affiliated Public	6.00	8.00	9.00	9.00	8.00	3.00	9.00						52.00	4.33
Prog. Hours Produced - Affil. Public	6.00	9.50	8.50	8.00	8.50	3.00	8.25						51.75	4.31
Programs Produced - City Staff	21.00	20.00	20.00	24.00	22.00	19.00	21.00						147.00	12.25
Program Hours Produced - City Staff	16.25	23.50	17.50	21.50	20.50	22.50	26.25						148.00	12.33
Programs Produced - NMTV Staff	33.00	22.00	16.00	17.00	43.00	28.00	37.00						196.00	16.33
Program Hours Produced - NMTV Staff	17.50	18.00	11.50	13.00	20.45	25.75	32.50						138.70	11.56
Total Public Programs Produced	33.00	31.00	34.00	40.00	33.00	40.00	25.00						236.00	19.67
Total Staff Programs Produced	54.00	42.00	36.00	41.00	65.00	87.00	58.00						343.00	28.58
Total Internal Programs Produced	87.00	73.00	70.00	81.00	98.00	147.00	83.00						579.00	48.25
% Staff Produced Programs	62.07%	57.53%	51.43%	50.62%	66.33%	54.02%	69.88%						59.24%	59.24%
% Public Produced Programs	37.93%	42.47%	48.57%	49.38%	33.67%	45.98%	30.12%						40.76%	40.76%
External Programs Submitted	81.00	18.00	33.00	22.00	23.00	38.00	23.00						238.00	19.83
External Program Hours	72.75	15.00	24.00	17.00	20.50	30.75	20.00						200.00	16.67
Total New Programs	168.00	91.00	103.00	103.00	121.00	125.00	106.00						817.00	68.08
<b>Equipment Usage Statistics</b>														
<b>Facility Hours Available</b>	208.50	199.00	246.00	200.00	229.00	231.00	190.00						1503.50	125.29
<b>Public Field Equipment Uses</b>	10.00	9.00	12.00	4.00	7.00	8.00	8.00						58.00	4.83
Studio A	36.25	84.00	39.75	19.50	34.00	26.25	110.50						350.25	29.19
% of Available Time	17.39%	42.21%	16.16%	9.75%	14.85%	11.36%	58.16%						23.30%	23.30%
Studio B	26.00	25.50	24.00	23.25	34.25	3.25	0.00						136.25	11.35
% of Available Time	12.47%	12.81%	9.76%	11.63%	14.96%	1.41%	0.00%						9.06%	9.06%
Public MAC A Edit Suite	118.00	115.75	101.25	71.00	89.50	81.00	109.00						685.50	57.13
% of Available Time	56.59%	58.17%	41.16%	35.50%	39.08%	35.06%	57.37%						45.59%	25.67%
Public MAC B Edit Suite	111.50	114.75	108.00	105.25	89.00	94.75	101.25						724.50	60.38
% of Available Time	53.48%	57.66%	43.90%	52.63%	38.86%	41.02%	53.29%						48.19%	48.19%
Public MAC C Edit Suite	138.50	103.50	133.00	68.75	133.50	85.75	75.50						738.50	61.54
% of Available Time	66.43%	52.01%	54.07%	34.38%	58.30%	37.12%	39.74%						49.12%	49.12%
<b>Production Van Statistics</b>														
<b>Production Hours</b>	14.25	30.00	14.00	16.00	49.75	63.00	66.25						253.25	21.10
Number of Van Shoots	2.00	4.00	2.00	3.00	8.00	10.00	8.00						37.00	3.08
Average Hours Per Shoot	7.13	7.50	7.00	5.33	6.22	6.30	8.28						6.84	1.76
Number of New Volunteers	2.00	3.00	0.00	2.00	5.00	7.00	4.00						23.00	1.92
Volunteer Hours	14.00	22.00	11.00	14.00	113.00	166.00	47.00						387.00	32.25
<b>Public Access Statistics</b>														
<b>Number of Workshops</b>	9.00	6.00	7.00	6.00	14.00	6.00	5.00						53.00	4.42
Number of Students	31.00	24.00	45.00	25.00	68.00	65.00	41.00						299.00	24.92
PAP Volunteer Hours	140.50	210.50	169.00	101.50	111.50	116.25	175.50						1024.75	85.40
Total Public Facility Usage Hours	523.50	461.75	476.75	326.50	665.00	511.25	459.50						3424.25	285.35
Tours	0.00	0.00	0.00	2.00	0.00	1.00	0.00						3.00	0.25
Tour Attendees	0.00	0.00	0.00	26.00	0.00	19.00	0.00						45.00	3.75

# 2017 Time of Use Stats

Studio A	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total	Average
Morning Available Hours	48.50	54.50	65.00	50.00	52.00	49.00	42.00						361.00	30.08
Morning Hours Used	7.00	7.50	13.50	9.00	22.00	11.50	7.50						78.00	6.50
Percent of Available	14.43%	13.76%	20.77%	18.00%	42.31%	23.47%	17.86%						21.61%	21.61%
Afternoon Available Hours	88.00	82.50	100.00	85.00	100.00	96.00	76.00						627.50	52.29
Afternoon Hours Used	6.00	20.75	8.50	10.50	0.00	6.00	12.50						64.25	5.35
Percent of Available	6.82%	25.15%	8.50%	12.35%	0.00%	6.25%	16.45%						10.24%	10.24%
Evening Available Hours	72.00	62.00	81.00	65.00	77.00	86.00	72.00						515.00	42.92
Evening Hours Used	23.25	55.75	17.75	0.00	12.00	8.75	90.50						208.00	17.33
Percent of Available	32.29%	89.92%	21.91%	0.00%	15.58%	10.17%	125.69%						40.39%	40.39%
Studio B														
Morning Available Hours	48.50	54.50	65.00	50.00	52.00	49.00	42.00						361.00	30.08
Morning Hours Used	1.00	0.00	0.00	0.00	0.00	0.00	0.00						1.00	0.08
Percent of Available	2.06%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						0.28%	0.28%
Afternoon Available Hours	88.00	82.50	100.00	85.00	100.00	96.00	76.00						627.50	52.29
Afternoon Hours Used	3.00	0.00	1.00	0.00	1.00	0.00	0.00						5.00	0.42
Percent of Available	3.41%	0.00%	1.00%	0.00%	1.00%	0.00%	0.00%						0.80%	0.80%
Evening Available Hours	72.00	62.00	81.00	65.00	77.00	86.00	72.00						515.00	42.92
Evening Hours Used	22.00	25.50	23.00	23.25	33.25	3.25	0.00						130.25	10.85
Percent of Available	30.56%	41.13%	28.40%	35.77%	43.18%	3.78%	0.00%						25.29%	25.29%
Public MAC A Edit Suite														
Morning Available Hours	48.50	54.50	65.00	50.00	52.00	49.00	42.00						361.00	30.08
Morning Hours Used	23.25	35.00	25.75	22.75	52.00	19.50	23.00						173.00	14.42
Percent of Available	47.94%	64.22%	39.62%	45.50%	100.00%	39.80%	54.76%						47.92%	47.92%
Afternoon Available Hours	88.00	82.50	100.00	85.00	100.00	96.00	76.00						627.50	52.29
Afternoon Hours Used	60.00	56.75	62.75	37.25	51.25	39.50	56.00						363.50	30.29
Percent of Available	68.18%	68.79%	62.75%	43.82%	51.25%	41.15%	73.68%						57.93%	57.93%
Evening Available Hours	72.00	62.00	81.00	65.00	77.00	86.00	72.00						515.00	42.92
Evening Hours Used	34.75	24.00	12.75	11.00	14.50	22.00	30.00						149.00	12.42
Percent of Available	48.26%	38.71%	15.74%	16.92%	18.83%	25.58%	41.67%						28.93%	28.93%
Public MAC B Edit Suite														
Morning Available Hours	48.50	54.50	65.00	50.00	52.00	49.00	42.00						361.00	30.08
Morning Hours Used	18.25	22.00	19.00	32.50	21.50	19.75	22.00						155.00	12.92
Percent of Available	37.63%	40.37%	29.23%	65.00%	41.35%	40.31%	52.38%						42.94%	42.94%
Afternoon Available Hours	88.00	82.50	100.00	85.00	100.00	96.00	76.00						627.50	52.29
Afternoon Hours Used	65.50	61.25	55.75	49.75	43.00	49.00	51.75						376.00	31.33
Percent of Available	74.43%	74.24%	55.75%	58.53%	43.00%	51.04%	68.09%						59.92%	59.92%
Evening Available Hours	72.00	62.00	81.00	65.00	77.00	86.00	72.00						515.00	42.92
Evening Hours Used	27.75	31.50	33.25	23.00	24.50	26.00	27.50						193.50	16.13
Percent of Available	38.54%	50.81%	41.05%	35.38%	31.82%	30.23%	38.19%						37.57%	37.57%
Public MAC C Edit Suite														
Morning Available Hours	48.50	54.50	65.00	50.00	52.00	49.00	42.00						361.00	30.08
Morning Hours Used	27.75	23.25	24.00	25.75	28.00	24.75	18.00						171.50	14.29
Percent of Available	57.22%	42.66%	36.92%	51.50%	53.85%	50.51%	42.86%						47.51%	47.51%
Afternoon Available Hours	88.00	82.50	100.00	85.00	100.00	96.00	76.00						627.50	52.29
Afternoon Hours Used	76.00	61.00	55.25	31.50	49.50	45.25	24.50						343.00	28.58
Percent of Available	86.36%	73.94%	55.25%	37.06%	49.50%	47.14%	32.24%						54.66%	54.66%
Evening Available Hours	72.00	62.00	81.00	65.00	77.00	86.00	72.00						515.00	42.92
Evening Hours Used	34.75	19.25	53.75	11.50	56.00	15.75	33.00						224.00	18.67
Percent of Available	48.26%	31.05%	66.36%	17.69%	72.73%	18.31%	45.83%						43.50%	43.50%

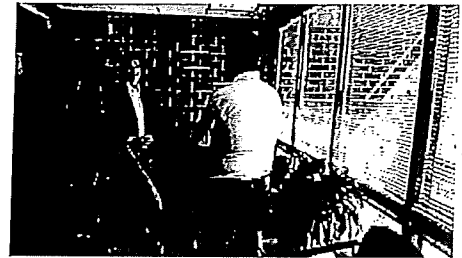
# North Metro TV

June 2017 Update

## Program Production

In June, a total of **87 new programs** were produced utilizing the North Metro facilities, funds, and services. This constitutes **68:00:00 hours of new programming**.

- 40 programs were produced by the public
- 28 programs were produced by NMTV staff
- 19 programs were produced by City staff



## Van Shoots

The HD truck was used for **63:00:00** hours of production. Events produced live and recorded for additional playbacks include:

- Girls and Boys Lacrosse: Spring Lake Park vs. Blaine
- Arabesque Spring Dance Recital
- Girls Lacrosse: Champlin Park vs. Centennial
- Blaine High School Graduation
- Girls Lacrosse: Champlin Park vs. Blaine
- Spring Lake Park Tower Days Parade
- Centennial High School Graduation
- Girls Lacrosse: State QF: Blaine vs. Eden Prairie
- Columbia Heights Jamboree Days Parade
- Blaine Festival Days Parade



## Workshops

Workshop	Instructor	Organization	Students
Connecting Anoka County Taping	Eric Houston	Video Club	7
Editing	Eric Houston	General Public	1
Intro To NMTV	Eric Houston	Toastmasters	17
Early Film Treasures	Eric Houston	Video Club	13
Studio	Eric Houston	Toastmasters	16
Editing (New Software)	Eric Houston	Video Club	11
<b>6 Workshops</b>			<b>65 Students</b>

## Home Movie Transfers

Home movie transfers have become one of our most popular services. Residents can transfer their family videos, film, slides, and photos at North Metro TV themselves for free, or pay NMTV to do it. Most participants want to do it themselves.

Month	Hours Transferred	Tapes	Film Reels	DVDs	Photos/ Slides	Fees Paid
January	205.75	58	174	46	80	\$675
February	165.75	65	41	14	672	\$411
March	131.5	41	98	45	0	\$305
April	118.5	60	34	40	0	\$157.50
May	192.25	81	58	16	473	\$215
June	207.5	70	26	65	0	\$274.50
<b>TOTAL:</b>	<b>1,021.25</b>	<b>375</b>	<b>431</b>	<b>226</b>	<b>1,225</b>	<b>\$2,038.00</b>

## Public Usage Stats

For statistical purposes, the public access department documents total numbers of unique individuals and total hours of usage of the facility by the general public, every month. These numbers include regular users, class participants, individuals transferring videos, people who attend events, and any other public usage of the facility. The numbers do not take into account the many members of the public who work with any other NMTV department, such as news, sports, outreach, or educational.

Month	Unique Individuals	Total Usage Hours
January	67	523.5
February	74	461.75
March	54	476.75
April	71	326.5
May	106	665
June	95	511.25
<b>TOTAL PUBLIC USAGE:</b>		<b>2,964.75</b>

## Production Highlights

### NMTV News Highlights

Each week Danika Peterson and Ben Hayle create a news program that highlights events, people, issues, and information important to citizens of our Member Cities. Some June highlights include:

- Blaine gets state money to help reconstruct 105th Ave
- Lino Lakes non-profit Kids Cooking School teaches from scratch cooking
- Blaine man builds and sells tiny houses nationwide
- Spring Lake Park school groundbreaking
- Blaine High School dance team collects used shoes for charity
- How to clean up storm damage and find a quality contractor
- Spring Lake Park Tower Days preview
- Blaine Festival preview



In addition to daily playbacks of North Metro TV News on the cable systems, there are over 400 local stories archived for viewers on the NMTV YouTube page. The page can be accessed through the [northmetrotv.com](http://northmetrotv.com) website.

### Toastmasters Come to NMTV

A large group of Toastmasters is starting a production series at NMTV. The club consists of more than 20 members, including residents of Ham Lake and Lexington. They started with intro and studio classes in June and will begin shooting shows in July. The series will be produced bi-weekly.



### NMTV Drone at MAC:TA Conference

T.J. Tronson served as a presenter at the 2017 MACTA conference, regarding the topic of drones. He displayed the new, professional NMTV drone itself and footage shot with the equipment. He explained its operation and capabilities and answered questions. A rate card for drone services was distributed to interested parties. The card includes rates for governmental/non-profit organizations and commercial entities. Along with sharing his knowledge of drones, T.J. was able to learn about new MNDot commercial drone rules and how to comply. He was introduced to several commercial drone groups and plans to join. This will be an excellent way to keep up with changing rules and requirements regarding drone usage and services. In August, T.J. plans to meet with Member City police and fire representatives to demonstrate the drone and offer our services to the departments.

### Summer Productions

Summer is here and we are BUSY! We had a lot of end of the season/tournament lacrosse to cover, two high school graduations, two City festivals, a dance recital, and three parades in June. In addition to the Spring Lake Park Tower Days and Blaine Festival parades, we also taped the Columbia Heights Jamboree Days parade as a commercial production. Now we are gearing up for USA Cup and safety camps, along with Fetes des Lacs and Blue Heron Days festivities.



### City Productions

Municipal Producer, Trevor Scholl, completed six programs in June and started the work on several more. He continued to call and meet with City officials and department contacts to talk about additional programming possibilities. He also spent a great deal of time covering events for the Spring Lake Park Tower Days and Blaine Festival celebrations. Footage gathered at those events will be edited into programs that highlight the celebrations. Projects that were completed in June include:

- Blaine Farmers Market
- Blaine Festival parade pictures on Facebook
- Spring Lake Park Tower Days parade pictures on Facebook
- Fishing Licenses
- Centerville City Promo
- Boating Regulations
- Anoka County Lakes Information
- Aquatic Invasive Species

Future programs being organized or completed include:

- Tower Days Events editing
- Blaine Festival editing
- Spring Lake Park Mayor's Minutes
- Ham Lake Mayor's Minutes
- Ham Lake Farmers Market
- Lino Lakes YourGov App
- Lino Lakes Child Car Seat Safety editing
- Lino Lakes meeting for corrections facility piece
- Fetes Des Lacs
- Centerville Mayors Minutes 2 editing
- Blue Heron Days

- Circle Pines Mayor's Minutes editing
- Lexington Mayor's Minutes
- New pictures for Lexington website
- Blaine Tip 411 App editing
- Blaine traffic control unit editing
- Blaine Mayor's Minutes 2 editing
- Business profiles
- Fire station recruitment needs for each department
- Explorers programs
- City comprehensive plan coverage
- Lexington Fall celebration

Trevor touches base with contacts on a regular basis and also encourages Cities to contact him whenever they have an idea for a new show.

## Production equipment consulting for cities and schools

### **Blaine**

- Met with Roark on 6/5 regarding Blaine HD upgrade. Reviewed proposals sent by Alpha and Z Systems. Talked about pluses and minuses for both proposals.
- Called Roark about SCALA signal loss. System probably lost power due to storm. Roark will reboot. Also discussed HD upgrade proposals.
- Discovered Blaine video equipment not on a surge protector. Looks like either the power supply or router were fried by storms. Put in expedited order for new power supply. Make plans to cover meetings with single cameras. Router is ok. With new power supply, able to get system back up and running.
- Went to Blaine City Hall to check on signal. Comcast routing issues. Called Comcast to resolve.
- Met Clark Arneson and answered questions regarding the proposed HD system and transport of signals back to NMTV.
- Council Member Jason King would like to meet to have technical questions answered regarding system.
- Comcast restores Blaine signal. All equipment functioning. Meetings can be recorded as usual.
- Watched Blaine meeting transmission. Looks good. Noted audio issues. Adjusted Comcast demodulator to hit appropriate average level of -18db.

### **Centerville**

- Communicated with Teresa on 6/7 regarding changing the HD upgrade meeting time to Tuesday June 13 at 9 am with Alpha Video.
- Met with Teresa and Mike Ericson and Sam VanMoer and Mike Pouh from Alpha Video. Reviewed possibilities for a gradual HD upgrade implementation that will fit in the budget.
- Having problems with a sticky button on SCALA system. Will wait on repair, as new systems should arrive soon.

### **Circle Pines**

- Called Circle Pines regarding signal loss. Asked them to reset graphics computer.
- Circle Pines channel off the air. Went to City Hall to assess. Rebooted system and determined all is working properly at City Hall. Called Comcast to check their system. Comcast found a blown transceiver and fixed. Circle Pines able to cablecast live meeting.
- Talked with Patrick Antonen regarding possible HD upgrade. Will do some preliminary research.
- DVD recorder not working. It is beyond repair. Found a used one on Ebay, sent to Patrick. Waiting to hear if it will work for them.

### **Ham Lake**

- Called Denise on 6/14 regarding HD upgrade. M Space and Z Systems have both visited City Hall to spec proposals. Matt will contact both companies and look into it further.
- Called Denise to review equipment recommendations. Told her we are available to review all proposals and answer questions. The upgrade will probably not take place right away.

### **Lexington**

- Lexington did not request any technical assistance in June.

### **Lino Lakes**

- Met Jeff Karlson and Z Systems. Hashed out the updated proposal & approved of design.
- Called Jeff Karlson about Lino Lakes signal loss. Probably out due to storm. System reset restores signal.

- Set a time to meet to discuss the HD project and answer any questions.
  - Told Jeff Karlson that we have determined the most efficient way to stream meetings live. Are waiting for information regarding web interface from website designers. Will meet to discuss when issues resolved.
  - Spoke with Z Systems to review Lino Lakes system plan.
- Spring Lake Park**
- Met with Wanda regarding Camera 4 malfunction. Tested signal with the waveform monitor. Checks out. Took a PGM out of the system and the camera looks fine. Checked the KiPro drive and the camera looks bad. May have to replace camera. A chip or card in the camera may have failed.
  - Taught Wanda how to create graphics and get into the computer system.

## City Channel 16 Playback Stats

City	Number of Times Programs Played	Hours Programmed on Channel
Blaine	1000	253:52:24
Centerville	590	145:42:00
Circle Pines	609	149:52:36
Ham Lake	307	121:30:36
Lexington	503	115:32:24
Lino Lakes	306	94:36:00
Spring Lake Park	633	161:47:41
<b>Totals:</b>	<b>3,948 Program Playbacks</b>	<b>1.042:53:41 Hours of Video Programming on Channels</b>

## Programs Produced by the Public

Title	Producer	Runtime
Connecting Anoka County: Art in Anoka County	Julie Jeppson/Eric Houston	00:15:22
Off Constantly: Post Apocalypse	David Bauer	00:30:58
Its Only Food With Chef John Politte (8 episodes)	John Politte	01:03:32
Garage Deals	Joe Scholz, Laurie Sigler, Robert Pajak	00:14:02
Do You Want to Hear a Joke?	Primrose Students	00:01:47
NMTV Tips & Tricks: Voiceover Narration	Video Club	00:02:20
Every Movie Ever (3 episodes)	Lizzy Sigler, Gavin Van Trease, Alex Johnson, Eric Houston	01:08:41
The Super 8 Show (3 episodes)	Video Club	01:04:45
Bad Movie Bros (2 episodes)	Video Club	01:27:29
His Legacy TV: Food as Medicine	Nonie Tanner	00:30:43
Cornerstone Church (3 episodes)	Rick Bostrom	01:29:05
The Power of Love (6 episodes)	Rick Larson	03:00:00
LovePower (6 episodes)	Ann Sandell	06:00:00
Rice Creek Watershed District Meeting	Theresa Stasica	01:35:25
Hope Church (2 episodes)	Cindy Hardy	01:21:09
<b>40 New Programs</b>		<b>19:45:38 New Hours</b>

## Programs Produced by NMTV Staff

Title	Producer	Runtime
Anoka County Board Meeting (6/13/17)	T.J. Tronson	00:39:33
Anoka County Board Meeting (6/27/17)	Danika Peterson	01:07:48
Cable Commission Meeting	T.J. Tronson	00:08:45
NMTV News (5 episodes)	Danika Peterson/Ben Hayle	01:37:23
On Tap	Ben Hayle	00:29:30
Blaine Farmers Market	Trevor Scholl	00:05:39
Fishing Licenses	Trevor Scholl	00:03:51
Centerville City Promo	Trevor Scholl	00:02:31
Boating Regulations	Trevor Scholl	00:04:24
Anoka County Lakes	Trevor Scholl	00:15:59
Aquatic Invasive Species	Trevor Scholl	00:07:56
Girls Lacrosse: Spring Lake Park/Blaine	Kenton Kipp	01:23:06
Boys Lacrosse: Spring Lake Park/Blaine	Kenton Kipp	01:41:08
Arabesque Dance Recital	Kenton Kipp	02:58:12
Girls Lacrosse: Champlin Prk/Centennial	Kenton Kipp	01:26:43
Blaine High School Graduation	Kenton Kipp	01:41:08
Girls Lacrosse: Sec 7 Final: Champlin Park/Blaine	Kenton Kipp	01:45:15
Spring Lake Park Tower Days Parade	Kenton Kipp	01:14:12
Centennial High School Graduation	Kenton Kipp	01:34:16
Girls Lacrosse: State QF: Blaine/Eden Prairie	Kenton Kipp	01:28:50
Girls Lacrosse Consolation SF: Blaine/Stillwater	Kenton Kipp	01:35:24
Girls Lacrosse Consolation: Final: Blaine/Cretin Derham Hall	Kenton Kipp	01:36:22
Columbia Heights Jamboree Days Parade	Kenton Kipp	01:27:44
Blaine Festival Parade	Kenton Kipp	01:12:22
<b>28 New Programs</b>		<b>25:48:01 New Hours</b>

## Programs Produced by City Staff

Title	Producer	Runtime
Blaine City Council Meeting (6/1/17)	Blaine Staff	02:11:19
Blaine Traffic Commission Meeting (6/6/17)	Blaine Staff	01:38:58
Blaine City Council Meeting (6/15/17)	Blaine Staff	00:49:38
Centerville City Council Meeting (6/14/17)	Centerville Staff	02:35:43
Centerville City Council Meeting (6/28/17)	Centerville Staff	02:00:17
Circle Pines City Council Meeting (6/13/17)	Circle Pines Staff	00:33:52
Circle Pines Utility Commission Meeting (6/21/17)	Circle Pines Staff	00:31:50
Circle Pines City Council Meeting (5/27/17)	Circle Pines Staff	00:41:50
Ham Lake City Council Meeting (6/5/17)	Ham Lake Staff	02:13:34
Ham Lake Planning Commission Meeting (6/12/17)	Ham Lake Staff	00:11:20
Ham Lake City Council Meeting (6/19/17)	Ham Lake Staff	02:26:38
Lexington City Council Meeting (6/1/17)	Lexington Staff	00:40:35
Lexington City Council Meeting (6/15/17)	Lexington Staff	00:32:40
Lino Lakes City Council Meeting (6/12/17)	Lino Lakes Staff	00:59:05
Lino Lakes Planning & Zoning Commission Meeting (6/14/17)	Lino Lakes Staff	01:48:19



<b>Title cont.</b>	<b>Producer cont.</b>	<b>Runtime cont.</b>
Lino Lakes City Council Meeting (6/26/17)	Lino Lakes Staff	00:20:28
Spring Lake Park City Council Meeting (6/5/17)	Spring Lake Park Staff	00:56:58
Spring Lake Park City Council Meeting (6/19/17)	Spring Lake Park Staff	01:00:13
Spring Lake Park Planning Commission Meeting (6/27/17)	Spring Lake Park Staff	00:13:42
<b>19 New Programs</b>		<b>22:26:59 New Hours</b>

If you have any questions or comments regarding this monthly report please contact  
Heidi Arnson at 763.231.2801 or [harnson@northmetrotv.com](mailto:harnson@northmetrotv.com).

# NORTH METRO TV

## Production Statistics 2017

Programming Statistics	J	F	M	A	M	J	JU	A	S	O	N	D	17 Total	17 Average
<b>Cablecast Programs</b>	2550.00	2317.00	1852.00	2087.00	2637.00	5705.00							17048.00	1420.67
Cablecast Hours	1851.00	1588.00	1322.50	1508.50	1842.50	2325.50							10418.00	868.17
Programs Produced - Public	27.00	23.00	25.00	31.00	25.00	37.00							168.00	14.00
Program Hours Produced - Public	14.75	18.25	15.50	15.50	12.00	16.75							92.75	7.73
Prog. Produced - Affiliated Public	6.00	8.00	9.00	9.00	8.00	3.00							43.00	3.58
Prog. Hours Produced - Affil. Public	6.00	9.50	8.50	8.00	8.50	3.00							43.50	3.63
Programs Produced - City Staff	21.00	20.00	20.00	21.50	22.00	19.00							126.00	10.50
Program Hours Produced - City Staff	16.25	23.50	17.50	24.00	20.50	22.50							121.75	10.15
Programs Produced - NMTV Staff	33.00	22.00	16.00	17.00	43.00	28.00							159.00	13.25
Program Hours Produced - NMTV Staff	17.50	18.00	11.50	13.00	20.45	25.75							106.20	8.85
Total Public Programs Produced	33.00	31.00	34.00	40.00	33.00	40.00							211.00	17.58
Total Internal Programs Produced	87.00	73.00	70.00	81.00	98.00	87.00							285.00	23.75
% Staff Produced Programs	62.07%	57.53%	51.43%	50.62%	66.33%	54.02%							496.00	41.33
% Public Produced Programs	37.93%	42.47%	48.57%	49.38%	33.67%	45.98%							57.46%	57.46%
External Programs Submitted	81.00	18.00	33.00	22.00	23.00	38.00							42.54%	42.54%
External Program Hours	72.75	15.00	24.00	17.00	20.50	30.75							17.92	17.92
Total New Programs	163.00	91.00	103.00	103.00	121.00	125.00							180.00	15.00
<b>Equipment Usage Statistics</b>													711.00	59.25
Facility Hours Available	208.50	199.00	246.00	200.00	229.00	231.00							1313.50	109.46
Public Field Equipment Uses	10.00	9.00	12.00	4.00	7.00	8.00							50.00	4.17
Studio A	36.25	84.00	39.75	19.50	34.00	26.25							239.75	19.98
% of Available Time	17.39%	42.21%	16.16%	9.75%	14.85%	11.36%							18.25%	18.25%
Studio B	26.00	25.50	24.00	23.25	34.25	3.25							136.25	11.35
% of Available Time	12.47%	12.81%	9.76%	11.63%	14.96%	1.41%							10.37%	10.37%
Public MAC A Edit Suite	118.00	115.75	101.25	71.00	89.50	81.00							576.50	48.04
% of Available Time	56.59%	58.17%	41.16%	35.50%	39.08%	35.06%							43.89%	43.89%
Public MAC B Edit Suite	111.50	114.75	108.00	105.25	89.00	94.75							623.25	51.94
% of Available Time	53.48%	57.66%	43.90%	52.63%	38.86%	41.02%							47.45%	47.45%
Public MAC C Edit Suite	138.50	103.50	133.00	68.75	133.50	85.75							663.00	55.25
% of Available Time	66.43%	52.01%	54.07%	34.38%	58.30%	37.12%							50.48%	50.48%
<b>Production Van Statistics</b>													187.00	15.58
Production Hours	14.25	30.00	14.00	16.00	49.75	63.00							29.00	2.42
Number of Van Shoots	2.00	4.00	2.00	3.00	8.00	10.00							6.45	1.30
Average Hours Per Shoot	7.13	7.50	7.00	5.33	6.22	6.30							19.00	1.58
Number of New Volunteers	2.00	3.00	0.00	2.00	5.00	7.00							340.00	28.33
Volunteer Hours	14.00	22.00	11.00	14.00	113.00	166.00							48.00	4.00
<b>Public Access Statistics</b>													258.00	21.50
Number of Workshops	9.00	6.00	7.00	6.00	14.00	6.00							849.25	70.77
Number of Students	31.00	24.00	45.00	25.00	68.00	65.00							2964.75	247.06
PAP Volunteer Hours	140.50	210.50	169.00	101.50	111.50	116.25							3.00	0.25
Total Public Facility Usage Hours	523.50	461.75	476.75	326.50	665.00	511.25							45.00	3.75
Tours	0.00	0.00	0.00	2.00	0.00	1.00								
Tour Attendees	0.00	0.00	0.00	26.00	0.00	19.00								

# 2017 Time of Use Stats

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total	Average
<b>Studio A</b>														
Morning Available Hours	48.50	54.50	65.00	50.00	52.00	49.00							319.00	26.58
Morning Hours Used	7.00	7.50	13.50	9.00	22.00	11.50							70.50	5.88
Percent of Available	14.43%	13.76%	20.77%	18.00%	42.31%	23.47%							22.10%	22.10%
Afternoon Available Hours	88.00	82.50	100.00	85.00	100.00	96.00							551.50	45.96
Afternoon Hours Used	6.00	20.75	8.50	10.50	0.00	6.00							51.75	4.31
Percent of Available	6.82%	25.15%	8.50%	12.35%	0.00%	6.25%							9.38%	9.38%
Evening Available Hours	72.00	62.00	81.00	65.00	77.00	86.00							443.00	36.92
Evening Hours Used	23.25	55.75	17.75	0.00	12.00	8.75							117.50	9.79
Percent of Available	32.29%	89.92%	21.91%	0.00%	15.58%	10.17%							26.52%	26.52%
<b>Studio B</b>														
Morning Available Hours	48.50	54.50	65.00	50.00	52.00	49.00							319.00	26.58
Morning Hours Used	1.00	0.00	0.00	0.00	0.00	0.00							1.00	0.08
Percent of Available	2.06%	0.00%	0.00%	0.00%	0.00%	0.00%							0.31%	0.31%
Afternoon Available Hours	88.00	82.50	100.00	85.00	100.00	96.00							551.50	45.96
Afternoon Hours Used	3.00	0.00	1.00	0.00	1.00	0.00							5.00	0.42
Percent of Available	3.41%	0.00%	1.00%	0.00%	1.00%	0.00%							0.91%	0.91%
Evening Available Hours	72.00	62.00	81.00	65.00	77.00	86.00							443.00	36.92
Evening Hours Used	22.00	25.50	23.00	23.25	33.25	3.25							130.25	10.85
Percent of Available	30.56%	41.13%	28.40%	35.77%	43.18%	3.78%							29.40%	29.40%
<b>Public MAC A Edit Suite</b>														
Morning Available Hours	48.50	54.50	65.00	50.00	52.00	49.00							319.00	26.58
Morning Hours Used	23.25	35.00	25.75	22.75	23.75	19.50							150.00	12.50
Percent of Available	47.94%	64.22%	39.62%	45.50%	45.67%	39.80%							47.02%	47.02%
Afternoon Available Hours	88.00	82.50	100.00	85.00	100.00	96.00							551.50	45.96
Afternoon Hours Used	60.00	56.75	62.75	37.25	51.25	39.50							307.50	25.63
Percent of Available	68.18%	68.79%	62.75%	43.82%	51.25%	41.15%							55.76%	55.76%
Evening Available Hours	72.00	62.00	81.00	65.00	77.00	86.00							443.00	36.92
Evening Hours Used	34.75	24.00	12.75	11.00	14.50	22.00							119.00	9.92
Percent of Available	48.26%	38.71%	15.74%	16.92%	18.83%	25.58%							26.86%	26.86%
<b>Public MAC B Edit Suite</b>														
Morning Available Hours	48.50	54.50	65.00	50.00	52.00	49.00							319.00	26.58
Morning Hours Used	18.25	22.00	19.00	32.50	21.50	19.75							133.00	11.08
Percent of Available	37.63%	40.37%	29.23%	65.00%	41.35%	40.31%							41.69%	41.69%
Afternoon Available Hours	88.00	82.50	100.00	85.00	100.00	96.00							551.50	45.96
Afternoon Hours Used	65.50	61.25	55.75	49.75	43.00	49.00							324.25	27.02
Percent of Available	74.43%	74.24%	55.75%	58.53%	43.00%	51.04%							58.79%	58.79%
Evening Available Hours	72.00	62.00	81.00	65.00	77.00	86.00							443.00	36.92
Evening Hours Used	27.75	31.50	33.25	23.00	24.50	26.00							166.00	13.83
Percent of Available	38.54%	50.81%	41.05%	35.38%	31.82%	30.23%							37.47%	37.47%
<b>Public MAC C Edit Suite</b>														
Morning Available Hours	48.50	54.50	65.00	50.00	52.00	49.00							319.00	26.58
Morning Hours Used	27.75	23.25	24.00	25.75	28.00	24.75							153.50	12.79
Percent of Available	57.22%	42.66%	36.92%	51.50%	53.85%	50.51%							48.12%	48.12%
Afternoon Available Hours	88.00	82.50	100.00	85.00	100.00	96.00							551.50	45.96
Afternoon Hours Used	76.00	61.00	55.25	31.50	49.50	45.25							318.50	26.54
Percent of Available	86.36%	73.94%	55.25%	37.06%	49.50%	47.14%							57.75%	57.75%
Evening Available Hours	72.00	62.00	81.00	65.00	77.00	86.00							443.00	36.92
Evening Hours Used	34.75	19.25	53.75	11.50	56.00	15.75							191.00	15.92
Percent of Available	48.26%	31.05%	66.36%	17.69%	72.73%	18.31%							43.12%	43.12%

## **EXECUTIVE COMMITTEE MINUTES**

Meeting of September 6, 2017

Executive Cmte. Present: Dick Swanson; Blaine, Matt Percy; Circle Pines, M. Murphy; Lexington

Absent: Cindy Hansen; Spring Lake Park

Others Present: Heidi Arnson; Executive Director, Rose Valez; Admin. Asst., Greg Emmerich, CPA

### **CALL TO ORDER**

The Chair called the meeting to order at 6:07 p.m.

### **APPROVAL OF MINUTES**

**A motion to approve the June 7, 2017 Executive Committee meeting minutes was made by D. Swanson. Second, M. Murphy. Motion approved.**

### **EXECUTIVE DIRECTOR / OPERATIONS COMMITTEE REPORT**

- G. Emmerich, a CPA with Harrington Langer & Associates, presented the 2016 audit. No abnormalities were identified and the Commission is in a good financial position.

**MOTION:** To recommend approval of the 2016 audit as presented. **Motion made by M. Murphy. Second, D. Swanson. Motion approved.**

- The Carousel units and Makito X transport system have been installed and commissioned. Staff has been testing the equipment and adjusting settings. The Makito X system was used to transport the Spring Lake Park City Council meeting, live, on the channel. The transport was a success, with some adjustments needed for transcoding the meeting in the proper aspect ratio. Eric Houston has worked with his contacts at each City to create graphics for the Carousel units. Spring Lake Park has been up with their Carousel unit as a test subject. Every City will be switched over the week after Labor Day.
- The lawsuit filed by the Attorney General against CenturyLink was discussed. Staff reported that CenturyLink had filed an Answer to the lawsuit and that she would email it to the Commission, and it would be included in the upcoming full Commission packet. A notice of franchise violation, as a result of the lawsuit, was prepared by Legal Counsel, Mike Bradley. The Committee agreed it should be delivered to CenturyLink.

**MOTION:** To deliver the Notice of Franchise Violation regarding Consumer Fraud and Deceptive Trade Practices, to CenturyLink. **Motion made by D. Swanson. Second, M. Murphy. Motion approved.**

- Franchise fee and PEG fee reports for the second quarter of 2017 were reviewed.
- The new studio sets are scheduled to be installed by the end of September.

#### **OLD BUSINESS**

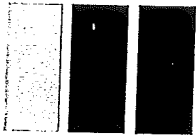
No old business was presented.

#### **NEW BUSINESS**

- M. Percy reported that this will be his last year on the Commission. The Circle Pines City Council will have two new members after the election, and one of them will be assigned the position.

#### **ADJOURN**

Motion to adjourn made by D. Swanson. Second, M. Murphy. Motion approved.  
The meeting was adjourned at 6:59 p.m.



Bradley

September 5, 2017

Ms. Kirsten Sersland  
CenturyLink  
200 S. Fifth Street  
Minneapolis, MN 55402

Qwest Broadband Services, Inc. d/b/a CenturyLink  
1801 California St., 10<sup>th</sup> Flr.  
Denver, CO 80202  
Attn: Public Policy

Qwest Broadband Services Inc., d/b/a CenturyLink  
200 S. 5<sup>th</sup> Street, 21<sup>st</sup> Flr.  
Minneapolis, MN 55402  
Attn: Public Policy

**Re: Notice of Franchise Violation- Consumer Fraud and Deceptive Trade Practices**

Dear Ms. Sersland:

Please be advised that I represent the North Metro Telecommunications Commission (the "NMTC"). The NMTC is a municipal joint powers commission comprised of the Minnesota municipal entities of Blaine, Centerville, Circle Pines, Ham Lake, Lexington, Lino Lakes, and Spring Lake Park.

It is my understanding that the Minnesota Attorney General filed a lawsuit against CenturyLink alleging that CenturyLink had committed consumer fraud in violation of Minnesota Statutes Section 325F.69 and deceptive trade practices in violation of Minnesota Statutes Section 325D.44. *See State v. CenturyTel Broadband Services LLC et al*, Court File No. 02-CV-17-3488. The Complaint even included specific references to affected customers located in Blaine and Spring Lake Park. Based upon the conclusion of the Minnesota Attorney General, CenturyLink is in violation of sections 5.4, 5.10.3, and 13.4.4 of all of the cable franchises of each of the NMTC member cities. However, it is my further understanding that CenturyLink has filed an Answer to the Complaint denying the allegations made by the Attorney General.

Based upon the above, CenturyLink is hereby notified that it is in violation of sections 5.4, 5.10.3, and 13.4.4 of each cable franchise that it holds with each of the member cities of the NMTC. While penalties will begin to accrue thirty days following local receipt of this notice, the NMTC does not intend on drawing on the Performance Bond or the Letter of Credit until the

Bradley Berkland Hagen & Herbst, LLC

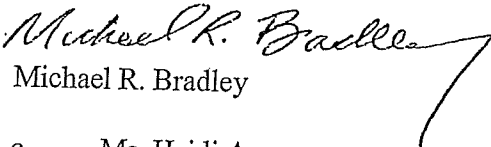
1976 Wooddale Drive | Suite 3A | Woodbury, MN 55125 | (651) 379-0900 | BradleyLawMN.com

above-referenced litigation is resolved. The NMTC shall give CenturyLink an additional written notice when it intends to draw on the Letter of Credit as required by the cable franchise.

Should you have any questions, please do not hesitate to contact me.

Very Truly Yours,

**BRADLEY HAGEN & GULLIKSON, LLC**

  
Michael R. Bradley

c. Ms. Heidi Arnson  
Commission Directors  
Mr. Torry Somers







**CenturyLink®**

TORRY R. SOMERS  
VP Video Franchising/Legal Affairs

**TO:** Minnesota Local Franchise Authorities (see attached)

**FROM:** Qwest Broadband Services, Inc. d/b/a CenturyLink

**RE:** Complaint

**DATE:** July 20, 2017

On July 12, 2017, the Attorney General of the State of Minnesota filed a complaint against CenturyLink in the District Court for the Tenth Judicial District in Anoka County, Minnesota (the "Complaint"). The Complaint alleges claims against CenturyTel Broadband Services LLC, Qwest Broadband Services, Inc., and Qwest Corporation concerning the sale of CenturyLink's internet and television services. Copies of the Civil Cover Sheet, Summons and Complaint are attached. CenturyLink takes the allegations in the Complaint seriously and will review and respond as appropriate. As the matter proceeds through the judicial process, CenturyLink will update you on the status of the case at our regular meetings.

6700 Via Austi Pkwy.  
Las Vegas, NV 89119  
Ph: (702) 244-8100  
Fax: (702) 244-7775  
[torry.r.somers@centurylink.com](mailto:torry.r.somers@centurylink.com)

STATE OF MINNESOTA

COUNTY OF ANOKA

DISTRICT COURT

TENTH JUDICIAL DISTRICT

Case Type: Other Civil  
(Consumer Protection)

State of Minnesota, by its Attorney General,  
Lori Swanson,

Court File No. \_\_\_\_\_

Plaintiff,

vs.

CenturyTel Broadband Services LLC,  
d/b/a CenturyLink Broadband; Qwest  
Broadband Services, Inc., d/b/a  
CenturyLink; and Qwest Corporation,  
d/b/a CenturyLink QC,

Defendants.

**CIVIL COVER SHEET**  
Minn. R. Gen. Prac. 104

Date Case Filed: July 12, 2017

ATTORNEYS FOR PLAINTIFF,  
STATE OF MINNESOTA

LORI SWANSON  
Attorney General  
State of Minnesota

JAMES W. CANADAY  
Deputy Attorney General  
Atty. Reg. No. 030234X

ALEX K. BALDWIN  
Assistant Attorney General  
Atty. Reg. No. 0396340

445 Minnesota Street, Suite 1200  
St. Paul, Minnesota 55101-2131  
(651) 757-1020 (Voice)  
(651) 297-7438 (Fax)  
alex.baldwin@ag.state.mn.us

ATTORNEYS FOR DEFENDANTS,  
CENTURYTEL BROADBAND  
SERVICES, LLC, D/B/A CENTURYLINK  
BROADBAND; QWEST BROADBAND  
SERVICES, INC., D/B/A CENTURYLINK;  
AND QWEST CORPORATION, D/B/A  
CENTURYLINK QC

(Unknown)

1. Provide a concise statement of the case including facts and legal basis: **Plaintiff, State of Minnesota, by its Attorney General, Lori Swanson, brings claims against three corporate entities held by CenturyLink, Inc. for violation of Minnesota's consumer fraud law, Minn. Stat. § 325F.69, subd. 1, and Minnesota's law prohibiting deceptive trade practices, Minn. Stat. § 325D.44, subd. 1. The State alleges that CenturyLink uses complex and deceptive pricing practices, even though CenturyLink sells its internet and cable television services in a price-sensitive market. The State alleges that CenturyLink has regularly misrepresented the price of its internet and television services, and has routinely refused to honor its offers. The State of Minnesota seeks judgment and an order declaring that CenturyLink's acts and omissions constitute multiple violations of Minnesota law, injunctive relief, restitution for all persons injured, civil penalties, award of attorneys' fees, litigation costs, and costs of investigation, and such further relief as provided by law or equity, or as the Court deems just.**

2. Date Complaint was served: **July 12, 2017 (acknowledgment of service requested)**

3. For Expedited Litigation Track (ELT) Pilot Courts only: **(not applicable)**

a. ☐ the parties jointly and voluntarily agree that this case shall be governed by the Special Rules for ELT Pilot. Date of agreement: \_\_\_\_\_

b. ☐ The court is requested to consider excluding this case from ELT for the following reasons: \_\_\_\_\_

Note: ELT is mandatory in certain cases, and where mandatory, exclusion may also be sought by timely motion under the Special Rules for ELT Pilot.

c. Anticipated number of trial witnesses: \_\_\_\_\_

d. Amount of medical expenses to date: \_\_\_\_\_

e. Amount of lost wages to date: \_\_\_\_\_

f. Identify any known subrogation interests: \_\_\_\_\_

4. Estimated discovery completion within 6 months from the date of this form.

5. Disclosure / discovery of electronically stored information discussed with other party?

☐ No ☒ Yes, date of discussion: Previous discussions regarding civil  
investigative demands for related information.

If Yes, list agreements, plans, and disputes: No current agreements, plans, or  
disputes; will need to discuss discovery in this case.

6. Proposed trial start date: April, 2018 (or after dispositive motions)

7. Estimated trial time: 10 days \_\_\_\_\_ hours (estimates less than a day must be  
stated in hours).

8. Jury trial is: **(not applicable)**

☐ waived by consent of \_\_\_\_\_ pursuant to Minn. R. Civ. P. 38.02.  
(specify party)

☐ requested by \_\_\_\_\_ (NOTE: Applicable fee must be enclosed)  
(specify party)

9. Physical/mental/blood examination pursuant to Minn. R. Civ. P. 35 is requested:

☐ Yes ☒ No

10. Identify any party or witness who will require interpreter services, and describe the  
services needed (specifying language, and if known, particular dialect): (none)

11. Issues in dispute: Liability and remedies

12. Case Type / Category: Other Civil (NOTE: select case type from  
Form 23, Subject Matter Index for Civil Cases, appended to the Minnesota Rules of Civil  
Procedure).

13. Recommended Alternative Dispute Resolution (ADR) mechanism: Mediation  
(See list of ADR processes set forth in Minn. Gen. R. Prac. 114.02(a))

Recommended ADR provider (known as a "neutral"): \_\_\_\_\_

Recommended ADR completion date: The State is willing to further discuss timing  
and provider(s) of any ADR with Defendants.

If applicable, reasons why ADR not appropriate for this case: \_\_\_\_\_

By signing below, the attorney or party submitting this form certifies that the above information is true and correct.

Dated: July 12, 2017

Respectfully submitted,

LORI SWANSON  
Attorney General  
State of Minnesota

JAMES W. CANADAY  
Deputy Attorney General

/s/ Alex K. Baldwin  
ALEX K. BALDWIN  
Assistant Attorney General  
Atty. Reg. No. 0396340

445 Minnesota Street, Suite 1200  
St. Paul, Minnesota 55101-2130  
(651) 757-1020 (Voice)  
(651) 296-7438 (Fax)  
alex.baldwin@ag.state.mn.us

ATTORNEYS FOR STATE OF MINNESOTA

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF ANOKA

TENTH JUDICIAL DISTRICT

Case Type: Other Civil  
(Consumer Protection)

State of Minnesota, by its Attorney General,  
Lori Swanson,

Court File No. \_\_\_\_\_

Plaintiff,

vs.

**SUMMONS**

CenturyTel Broadband Services LLC,  
d/b/a CenturyLink Broadband; Qwest  
Broadband Services, Inc., d/b/a  
CenturyLink; and Qwest Corporation,  
d/b/a CenturyLink QC,

Defendants.

THIS SUMMONS IS DIRECTED TO DEFENDANT CENTURYTEL BROADBAND SERVICES LLC, D/B/A CENTURYLINK BROADBAND, 1010 Dale Street North, St. Paul, Minnesota 55117-5603; and,

DEFENDANT QWEST BROADBAND SERVICES, INC., D/B/A CENTURYLINK, 1010 Dale Street North, St. Paul, Minnesota 55117-5603; and,

QWEST CORPORATION D/B/A CENTURYLINK QC, 1010 Dale Street North, St. Paul, Minnesota 55117-5603.

1. **YOU ARE BEING SUED.** The Plaintiff has started a lawsuit against you. The Plaintiff's Complaint against you is attached to this Summons. Do not throw these papers away. They are official papers that affect your rights. You must respond to this lawsuit even though it may not yet be filed with the Court and there may be no court file number on this Summons.

2. **YOU MUST REPLY WITHIN 20 DAYS TO PROTECT YOUR RIGHTS.** You must give or mail to the person who signed this summons a written response called an Answer within 20 days of the date on which you received this Summons pursuant to Minnesota

Statutes section 5.25 and Rules 4.03 and 12.01 of the Minnesota Rules of Civil Procedure. You must send a copy of your Answer to the person who signed this summons located at: 445 Minnesota Street, Suite 1400, St. Paul, Minnesota 55101.

3. **YOU MUST RESPOND TO EACH CLAIM.** The Answer is your written response to the Plaintiff's Complaint. In your Answer you must state whether you agree or disagree with each paragraph of the Complaint. If you believe the Plaintiff should not be given everything asked for in the Complaint, you must say so in your Answer.

4. **YOU WILL LOSE YOUR CASE IF YOU DO NOT SEND A WRITTEN RESPONSE TO THE COMPLAINT TO THE PERSON WHO SIGNED THIS SUMMONS.** If you do not answer with 20 days, you will lose this case. You will not get to tell your side of the story, and the Court may decide against you and award the Plaintiff everything asked for in the Complaint. If you do not want to contest the claims stated in the Complaint, you do not need to respond. A default judgment can then be entered against you for the relief requested in the Complaint.

5. **LEGAL ASSISTANCE.** You may wish to get legal help from a lawyer. If you do not have a lawyer, the Court Administrator may have information about places where you can get legal assistance. Even if you cannot get legal help, you must still provide a written Answer to protect your rights or you may lose the case.

6. **ALTERNATIVE DISPUTE RESOLUTION.** The parties may agree to or be ordered to participate in an alternative dispute resolution process under Rule 114 of the Minnesota General Rules of Practice. You must still send your written response to the Complaint even if you expect to use alternative means of resolving this dispute.

Dated: July 12, 2017

Respectfully submitted,

LORI SWANSON  
Attorney General  
State of Minnesota

JAMES W. CANADAY  
Deputy Attorney General

/s/ Alex K. Baldwin

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ATTORNEYS FOR STATE OF MINNESOTA



STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF ANOKA

TENTH JUDICIAL DISTRICT

Case Type: Other Civil  
(Consumer Protection)

State of Minnesota, by its Attorney General,  
Lori Swanson,

Court File No. \_\_\_\_\_

Plaintiff,

vs.

### COMPLAINT

CenturyTel Broadband Services LLC,  
d/b/a CenturyLink Broadband; Qwest  
Broadband Services, Inc., d/b/a  
CenturyLink; and Qwest Corporation,  
d/b/a CenturyLink QC,

Defendants.

The State of Minnesota, by its Attorney General, Lori Swanson, for its Complaint against the above-referenced Defendants ("CenturyLink"), alleges as follows:

### INTRODUCTION

1. CenturyLink promises a simple, low rate to Minnesota consumers for internet and cable television service. But CenturyLink has fraudulently charged some Minnesota consumers more than the price the company quoted to them at the time of sale. To make matters worse, CenturyLink has often refused to honor its quoted rates after consumers bring the price misrepresentations to the company's attention. The State of Minnesota brings this action to stop these fraudulent practices and to enforce Minnesota's consumer protection laws.

### PARTIES

2. Lori Swanson, Attorney General of the State of Minnesota, is authorized under Minnesota Statutes chapter 8; the Uniform Deceptive Trade Practices Act, Minnesota

Statutes sections 325D.43–.48; the Consumer Fraud Act, Minnesota Statutes sections 325F.68–.694; and has common law authority, including *parens patriae* authority, to bring this action to enforce Minnesota’s laws, to vindicate the State’s sovereign and quasi-sovereign interests, and to remediate all harm arising out of – and provide full relief for – violations of Minnesota’s laws.

3. CenturyTel Broadband Services, LLC is a Louisiana limited liability company, doing business in Minnesota as CenturyLink Broadband. Its principal place of business is 100 CenturyLink Drive, Monroe, Louisiana 71203. It is registered with the Minnesota Secretary of State pursuant to the Minnesota Limited Liability Company Act. CenturyTel Broadband Services, LLC, acting in concert with other entities affiliated with CenturyLink, Inc., provides communications services in the State of Minnesota and it is a subsidiary of CenturyLink, Inc., a Louisiana corporation.

4. Qwest Broadband Services, Inc. is a Delaware corporation, doing business in Minnesota as CenturyLink. Its principal place of business is 100 CenturyLink Drive, Monroe, Louisiana 71203. It is registered with the Minnesota Secretary of State pursuant to the Minnesota Foreign Corporation Act. Qwest Broadband Services, Inc., acting in concert with other entities affiliated with CenturyLink, Inc., provides communications services in the State of Minnesota and it is a subsidiary of CenturyLink, Inc., a Louisiana corporation.

5. Qwest Corporation is a Colorado corporation, doing business in Minnesota as CenturyLink QC. Its principal place of business is 100 CenturyLink Drive, Monroe, Louisiana 71203. It is registered with the Minnesota Secretary of State pursuant to the Minnesota Foreign Corporation Act. Qwest Corporation, acting in concert with other entities affiliated with

CenturyLink, Inc., provides communications services in the State of Minnesota and it is a subsidiary of CenturyLink, Inc., a Louisiana corporation.

### **JURISDICTION**

6. Minnesota Statutes section 8.31 and common law authority provide this Court with jurisdiction over the subject matter of this action.

7. This Court has personal jurisdiction over CenturyLink as a result of CenturyLink and its affiliated entities' sales to and dealings with Minnesota consumers. CenturyLink conducts business in Minnesota and has committed acts causing injury to consumers located in Minnesota.

### **VENUE**

8. Venue in Anoka County is proper under Minnesota Statutes section 542.09 because this cause of action arises in part in Anoka County. CenturyLink does and has done business in Anoka County, and CenturyLink's unlawful acts have harmed Anoka County residents, among others.

### **FACTUAL BACKGROUND**

#### **I. CENTURYLINK SELLS ITS INTERNET AND CABLE TELEVISION SERVICES IN A PRICE-SENSITIVE MARKET.**

9. For decades, CenturyLink and its related entities offered regulated telephone service to Minnesota residents. As a result, many Minnesotans view CenturyLink as a telephone company operating in a predictable and regulated market.

10. More recently, CenturyLink has branched into other lines of business. The company now sells internet and cable television service to Minnesota residents. CenturyLink competes with other cable television and internet providers, satellite television companies, and cellular providers for market share for these services.

11. There has been a near five-fold increase in the number of internet subscribers in the past two decades. The number of consumers who subscribe to cable service is declining, reducing cable providers' revenue by an estimated \$1 billion per year. Satellite television service went from being non-existent to servicing 25% of households in a single generation.

12. CenturyLink has responded to these market dynamics in part by promising prices designed to attract price-sensitive consumers. But CenturyLink has deceptively charged some Minnesota consumers more than it promised them at the time of sale.

## **II. CENTURYLINK USES COMPLEX AND DECEPTIVE PRICING PRACTICES.**

13. During its investigation, the State asked CenturyLink to produce information about the prices it charges to Minnesota consumers for internet and cable television services. CenturyLink produced more than 1,000 pages of documents it stated were an "overview" of its pricing policies. The company claimed that the State's request that CenturyLink produce full information about its prices was "unduly burdensome."

14. These pricing documents reveal a complex and elaborate pricing system in which layers of conditions and exceptions can affect the rates paid by consumers. To quote an accurate price, CenturyLink's sales agents must accurately process this information and then explain the final price to consumers at the time of sale.

15. The stories below reveal a recurring disconnect between the quotes CenturyLink has given to consumers and the actual prices they were charged, supposedly based on hidden rules contained in the company's complex billing system, which CenturyLink claims are "trade secrets." The disconnect happens in many ways, but the bottom line is that CenturyLink routinely fails to live up to its promises about the total prices consumers will pay for its services.

**A. Calculating the Actual Cost That CenturyLink Will Charge for Internet and Television Service Starts with Determining Which of the Company's Thousands of Base-Rate Scenarios Apply.**

16. CenturyLink's base rates depend on several factors. By using combinations from only four factors – the speed of the consumer's internet connection, the presence or absence of CenturyLink e-mail service, the manner in which CenturyLink connects a consumer's home to the Internet, and the number of channels included in its television packages – CenturyLink's pricing scheme starts with more than 1,500 different scenarios that can affect the base rates that CenturyLink will charge.

17. As the stories below show, CenturyLink often misrepresents the base monthly rate it will charge consumers for its internet and television services, and the company's sales practices and misrepresentations confuse Minnesota consumers.

**B. CenturyLink Offers Promotional Pricing Without Explaining the Thousands of Company Rules and Exceptions That Cause Consumers To Pay More.**

18. CenturyLink told the State that it has "hundreds of promotional offers at any time." CenturyLink refused to disclose all of the promotions made to Minnesota consumers, calling the request to produce all associated information about its promotions "unduly burdensome." CenturyLink did disclose an "overview" of 175 of its internet and television promotions.

19. Each promotion includes a matrix of complex and subtle information, starting with the conditions and exceptions governing the promotion. These conditions and exceptions vary by promotion but typically identify which consumers or products are supposedly eligible to receive the promotion and price. The conditions and exceptions also specify additional actions that consumers must take – or cannot take – after their purchase to preserve their eligibility for the promotion. CenturyLink's promotional conditions and exceptions are further restricted by

additional exceptions identifying additional promotions that are incompatible with the offered promotion. CenturyLink's promotional materials also impose special ordering instructions for CenturyLink's sales agents, who are paid commissions based on the number of customers they sign up for the company's services.

20. These promotional offer matrices contain a large amount of information that would have to be accurately processed by the company, with the outcome then explained to consumers at the time of sale if the company is to quote an accurate price to consumers. CenturyLink uses as many as 29 conditions and exceptions per promotion. Some promotions identify up to 138 "disqualifying" combinations of promotions. The standard ordering process requires CenturyLink's agents to perform up to 31 steps to add internet service and up to 18 steps to add television service to consumers' accounts. The promotional matrices reveal as many as 19 additional or special steps per promotion that CenturyLink's agents must perform to apply promotions to consumers' accounts.

21. Collectively, these documents – which provide an overview of just some of CenturyLink's promotional offerings – reveal more than 2,000 conditions and exceptions that CenturyLink uses to increase the price it charges consumers above what it promises them at the time of sale. The pricing documents – which CenturyLink marked "Trade Secret" (meaning they are hidden from consumers) – collectively identify nearly 3,800 disqualifying combinations of promotions that ostensibly make a consumer ineligible to receive a promotion.

22. As the stories below show, CenturyLink has misrepresented the price of its internet and cable television services by promising prices to Minnesota consumers that it did not

deliver. Most consumers who are misquoted do not discover the company's actual prices until they receive their first bill.<sup>1</sup>

**C. CenturyLink Adds Dozens of Fees on Top of Its Base Rates.**

23. On top of its base rates, CenturyLink adds any number of its dozens of one-time and monthly recurring fees to consumers' bills. CenturyLink classifies some fees as relating to accessories, equipment, activation, shipping and handling, and installation. CenturyLink also adds at least one "fee" (the "Internet Cost Recovery Fee") for which the classification or purpose is not readily apparent, but which is added to the bills of all of its internet subscribers. Other fees apply depending on the type of service consumers purchase. In some cases, the extra fees can add up to more than the base rates that CenturyLink promises.

**III. CENTURYLINK HAS REGULARLY MISREPRESENTED THE PRICE OF ITS INTERNET AND TELEVISION SERVICES AND HAS ROUTINELY REFUSED TO HONOR ITS OFFERS.**

24. CenturyLink has regularly misquoted the price of its internet and television services to Minnesota consumers. In response to a complaint from the Minnesota Attorney General's Office on behalf of a consumer, a CenturyLink employee stated that, of the sales recordings she reviews, "maybe 1 out of 5 are quoted correctly or close enough. I have one today quoted \$39 and its over \$100 monthly." She further stated that "in many cases, the customer calls in for several months and [is] promised callbacks, passed around, or cut off before going to the AG, PUC, FCC, or BBB." Her April 22, 2015, e-mail reads as follows:

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<sup>1</sup> CenturyLink told the State that all but a "small percentage" of its Minnesota consumers are billed through the company's "CRIS billing system." CenturyLink produced the exemplar "Welcome Letters" that this billing system allegedly sends to Minnesota consumers after the sale. These exemplar letters do not disclose any prices. And by using the prominent heading "Your Order Confirmation," CenturyLink falsely lulls Minnesota consumers into thinking that CenturyLink is only confirming the offer that the company's sales agent just promised them.

**From:** Ornelas, Diana L  
**Sent:** Wednesday, April 22, 2015 11:30 AM  
**To:** Orr, Dan  
**Subject:** RE: Minn Attorney General complaint, [REDACTED]  
[REDACTED]

I understand and also like to get it when the call is still available. I have so many I get every day and honestly, I could say maybe 1 out of 5 are quoted correctly or close enough. I have one today quoted \$39 and its over \$100 monthly. So I tend to get on the defensive for the customer at times because of the large amount that are misquoted. As in many cases, the customer calls in for several months and promised call backs, passed around, or cut off before going to the AG, PUC, FCC or BBB and we are unable to review the calls. Hopefully in the future we can have them saved for a longer period or a better resolution would be to get that person back to the sales rep or sales rep manager on the first call to the company after the service is installed. Then the issue could be reviewed, resolved and feedback/training provided.

25. In a May, 2015 recording obtained by the State, another CenturyLink employee laments that there are “not enough people to do the work” of responding to the “whole pile of Minnesota [complaints]” that “usually come in groups of 10.”

26. The following paragraphs contain examples of these complaints.<sup>2</sup>

27. **B.T.** uses his Ph.D. in applied economics to scrutinize financial information for his employer. CenturyLink offered him internet service for \$14.95 per month for one year and \$24.95 per month for a second year. CenturyLink actually charged him a base rate of \$29.95 per month. **CenturyLink repeatedly refused to honor its offer** and threatened to charge him a

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<sup>2</sup> This Complaint includes the representative and illustrative experiences of 35 Minnesotans to describe how CenturyLink has deceived consumers. The State’s allegations are not confined to the consumers described in this Complaint. These experiences are non-exclusive examples that generally illustrate CenturyLink’s unlawful conduct. In some cases after the Attorney General’s Office intervened, CenturyLink agreed to apply at least partial credits to consumers’ accounts following the company’s price misrepresentations.



\$200 penalty if he cancelled his service, even though the company's complaint file states that CenturyLink listened to the recording of the sales call and confirmed the "misquote." CenturyLink told B.T. that "no one at CenturyLink can get you that price," even though the company had promised it to him.

28. **K.S.** needed low-cost internet service for her daughter to complete her homework. CenturyLink offered her internet service for \$14.99 per month for six months but failed to charge her the promised rate. **A supervisor would not honor CenturyLink's offer** and claimed she had "used up" her discounts and denied that the company had offered her internet service for \$14.99 per month. CenturyLink's complaint file states that the company listened to the sales call and confirmed CenturyLink's offer of service for \$14.99 per month.

29. CenturyLink offered internet service to **K.Z.** for a base rate of \$19.95 per month but charged him a base rate of \$37 instead. **A supervisor refused to honor CenturyLink's offer**, telling him he was "misquoted." CenturyLink told him that the company's offers are "not binding commitments" and discounts are "a gift from us to you" that CenturyLink can rescind at its discretion. CenturyLink later told him that "the system" had "auto-removed" a discount from his account, thereby raising the price of his service above what CenturyLink promised.

30. **H.D.H.** agreed to keep her basic CenturyLink plan after the company promised her the same rate for another year. CenturyLink increased her bill by more than 50% the following month. She provided her confirmation number, but the company **repeatedly refused to honor its offer**, claiming that CenturyLink can "give you all the confirmation numbers in the world," but if CenturyLink "quotes you [a rate] not available it's going to get denied." CenturyLink told her the previous agent she spoke to did not "even know what offers we have to

offer in the first place” and claimed that what the company previously promised her was “irrelevant.”

31. **R.T.** is a 62-year-old businessman from Blaine. He used CenturyLink’s on-line chat feature to purchase CenturyLink internet service for \$29.95 per month for two years, and television service for \$39.97 per month for one year and \$59.96 per month the next year:

[REDACTED] my contract for internet is not up for a few months

Gianna C.: I can put you in a promotion of 2 years for \$29.95 by adding PrismTV

[REDACTED] looks good, I will look at the channel line ups and then decide, the package you are listing above is what tv package. does this include tehrental equipment costs

Gianna C.: It includes everything R [REDACTED]

Gianna C.: It is the essential package.

Gianna C.: If you set it up with me today I can also offer you \$25 off in your monthly bill so you are going to be paying \$39.97 for the first year and \$59.96 for the second year.

CenturyLink charged him \$194.84 the month after he accepted this offer. CenturyLink billed him at least \$107.68 per month the following months. R.T. repeatedly asked for the rate promised to him, and **CenturyLink refused to honor its written offer**. CenturyLink later told him that its television service was “not a regulated or tariffed [sic] product” so CenturyLink could “raise or lower the base product price as determined by CenturyLink.”

32. **J.S.** is an occupational therapist. She accepted CenturyLink’s offer of internet and television service for \$91.83 per month for one year. CenturyLink **repeatedly failed to honor its promise** and charged her \$202.04, \$103.43, \$116.97, \$108.15, and \$128.26, respectively, the first five months she had this package. CenturyLink told her its billing system is “complicated” and “hard to explain” and that sales agents can offer promotions that the system then “removes.”

$12/24 - 3 - 12/28$   
 $1 = 90.82$   
 $2 - 12 = 140.11$   
 $13 - 36 = 199.10$   
 $37 + = 224.00$   
 Call back for new promotion  
for prism tv

34. K.N. is 60 years old and lives in Britt. CenturyLink promised him internet service for a base rate of \$29.95 per month but **failed to bill him as promised**, charging him a base rate of \$61 instead. CenturyLink told him, “you’re doing math, and you’re trying to break [the cost] down in a way that it’s not supposed to be broken down . . . there’s no ‘this is how much it costs.’” K.N. asked how much the company would charge him the next month, and CenturyLink said, “honestly, you’re not going to know . . . until the next bill prints.” CenturyLink later wrote to him stating he was “ineligible” for the offer CenturyLink promised him and that he had accepted months earlier.

11

quoted. CenturyLink gives a variety of excuses to Minnesota residents as to why it will not honor the prices quoted to them. For example, a CenturyLink supervisor told **B.P.**, a Hibbing business owner, that **CenturyLink is “not responsible” for its sales agents’ offers.**

36. CenturyLink promised to beat the \$112 per month that **J.A.**, a psychologist, was paying for her service. CenturyLink instead charged her a series of rates fluctuating around \$145 per month. **CenturyLink refused to honor its offer**, claiming to have no record of the offer she accepted while simultaneously claiming that she was “correctly billed.”

37. **H.R.** is an assistant professor with a Ph.D. CenturyLink offered him internet service for \$29.95 per month but charged him more than double that rate. An agent told him it was not possible to receive his internet service for \$29.95 per month and that **nothing could be done to get the rate CenturyLink promised.**

38. **T.H.** is 24 years old and has an accounting degree. CenturyLink promised him internet service for \$28.93 per month but charged him \$44.67. A supervisor told him **CenturyLink would not honor its offer.** The company then wrote to him and claimed it “does not guarantee that promotional discounts are available and the number of available discounts have restrictions and qualifications.”

39. A door-to-door CenturyLink agent sold a package to **C.A.**, a retiree from Spring Lake Park, that the agent promised would cost a total of \$100 per month for one year and \$115 per month the second year. The agent told C.A. those rates included all charges. The agent’s offer sheet listed no charges other than the \$100 and \$115 rates:

**REGULAR PACKAGE PRICE:**

\$115 (2ND YEAR)

**PROMOTIONAL PRICE:**

\$100 (1ST YEAR)

CenturyLink charged him more than it promised and **refused to honor the written offer**. Yet the company told C.A. it would charge him a cancellation penalty if he terminated his service.

40. Internal CenturyLink documents show that the company has a policy not to honor its sales agents' offers under certain scenarios, including when agents do not properly enter a promotion into CenturyLink's billing system.

41. For example, L.F. accepted CenturyLink's offer to receive internet service for \$19.01 per month, but CenturyLink charged her \$55.99 the following month. CenturyLink told L.F. that the offer she had accepted appeared in CenturyLink's billing system, but that **CenturyLink would not honor that offer**.

42. K.K. is a legal assistant. CenturyLink promised her internet service for \$24.99 per month, but the company charged her a base rate of \$44.95 per month. CenturyLink claimed the offer she had already accepted was "not available" to her. **CenturyLink refused to honor its offer**. The threat of a cancellation penalty trapped K.K. into staying with CenturyLink.

43. P.O. is a 61-year-old certified public accountant. He purchased a CenturyLink package for \$55.91 per month, but CenturyLink actually charged him \$97.95. The company claimed that its "system" showed P.O. should have been billed even more. **Multiple CenturyLink agents refused to honor the promised rate**, and the company charged him \$103.39 the following month. CenturyLink later wrote to him claiming its "billing system automatically block[ed]" the offer CenturyLink had promised.

44. M.B. is a mother of six, and her family lives on a budget. She purchased CenturyLink's internet service, which the company offered to her for \$29.95 per month. CenturyLink actually charged her a base rate of \$39.95. **CenturyLink refused to honor its offer**, telling M.B. that the offer she had already accepted was "not available."

45. J.F. is a retired engineer. CenturyLink offered him internet service for a base rate of \$19.95 per month. The company then sent him a bill for \$367.33, including internet service for a base rate of \$71. A CenturyLink agent told him that the company had “verified” the offer but that **CenturyLink would not honor the promised rate.**

46. P.W. is a mortgage processor who previously investigated fraud claims for a bank. CenturyLink sold him a package, but the company **did not bill him as promised** and threatened to charge him an early termination penalty if he cancelled his service.

47. R.S. purchased a CenturyLink package that the company promised would cost \$75 per month. R.S. asked about additional fees and CenturyLink mentioned only a one-time charge. CenturyLink charged R.S. fluctuating rates between \$108.41 and \$310.10 the following months. CenturyLink **refused to honor its offer.**

48. O.N. is retired. CenturyLink offered him a package for approximately \$50 per month. CenturyLink **never billed him as promised** and charged him as much as \$258.46 in one month after he accepted CenturyLink’s offer.

49. CenturyLink sold a package to A.K. that the company promised would lower his monthly rate. CenturyLink actually increased the price of A.K.’s service by nearly \$50 per month. A.K. repeatedly called CenturyLink, which then falsely promised to bill him \$87 per month – all taxes and fees included. CenturyLink charged him \$111.84, \$114.85, \$115.85, \$122.84, and \$123.88 the following months. A.K. kept contacting the company, but **CenturyLink repeatedly failed to bill him as promised.** When he cancelled his service, CenturyLink charged him an early cancellation penalty.

50. R.K. and D.G. are a married couple. CenturyLink promised them internet service for \$19.95 per month but charged them a base rate of \$29.95. A supervisor **refused to honor**

**CenturyLink's offer.** CenturyLink told them it had "misinformed" them when they purchased the service but that \$29.95 per month was "the only rate" the company would now honor.

51. CenturyLink promised **A.L.** a "price lock" package for \$73.90 per month. **CenturyLink never charged him as promised**, billing him \$227.48, \$84.06, \$97.27, \$98.34, \$88.34, and \$90.27 in the months after CenturyLink sold him the "price lock."

52. CenturyLink knows it provides consumers with inaccurate information. This knowledge is so ingrained that a specialist responding to a Minnesota complaint simply assumed that CenturyLink would not have provided the consumer with accurate information:

From: CENTURYLINK TCS Tier 2 [REDACTED]  
Sent: Tuesday, February 17, 2015 12:01 PM  
To: Brewer, Mary C  
Cc: CENTURYLINK TCS Tier 2  
Subject: FW: [REDACTED]

Good Afternoon Mary,

Below are our final findings. We do apologize, however we were unable to retrieve the requested .wav file. Though based on experience, I hope you agree, I think that the agent would not have told the customer that they could not get the Price for Life back. The agent did not start until 9/22/14 and would not have had the experience at the time of this call to properly set the expectations. Please let us know if any additional information is needed.

If you have any questions or concerns please let me know.

Jessica Wylie  
Research & Resolution Specialist, Qualfon CDA

53. **Fr. U.** is a retired accountant. He accepted CenturyLink's offer to upgrade the speed of his internet service with no increase in the monthly rate. CenturyLink failed to follow through on its promised rate, and when **Fr. U.** contested the increase, a supervisor told him that **CenturyLink's agents need more training.**

54. CenturyLink promised internet service to **S.G.** for \$19.95 per month. CenturyLink charged her a base rate of \$29.95 per month. She reported the misrepresentation to CenturyLink, which **did not honor its promise.**

55. J.T. is a retired engineer and purchased a three-year "premium price lock" package that CenturyLink promised would cost a total of \$106.94 per month. **CenturyLink would not honor the "locked" \$106.94 rate** and charged him a series of fluctuating rates averaging more than \$144.

56. CenturyLink offered internet service to D.G., a retired school teacher from Eveleth, for \$29.95 per month. **CenturyLink did not bill him as promised**, charging him a base rate of \$39.95.

57. S.H. is a 70-year-old former director of a non-profit organization. She purchased a CenturyLink package that the company said would cost a total of approximately \$54 per month. CenturyLink actually charged her \$103.87. When S.H. called about the bill, a supervisor told her the discrepancy would be fixed the following month. The company charged her \$76.46 and \$77.96 the following months. **CenturyLink then refused to honor its offer.**

58. CenturyLink sold a new plan to D.S. that the company claimed would lower the price of his service. CenturyLink **charged him more than it promised**, increasing his bill by \$27.51 the following month.

59. CenturyLink sold a package to 76-year-old retiree K.T. that the company promised would cost \$62.14 for the first month, \$40.91 for the second month, and \$85.92 for the third through twelfth months. CenturyLink charged K.T. \$172.24 the first month and then **falsely promised to fix his bill.**

60. P.H., a retired school teacher, purchased a package that CenturyLink promised would save her money and cost approximately \$50 per month. **CenturyLink failed to bill her as promised.**



61. **B.K.** is a freelance art director. He purchased internet service for \$29.95 per month, but CenturyLink actually charged him a base rate of \$71. CenturyLink **refused to honor its offer**, claiming there were no promotions available to him, even though B.K. had already accepted such an offer.

62. **P.J.**, a business owner, purchased a CenturyLink package, but **the company failed to bill him as promised**, charging him hundreds of dollars more than it promised during the time he received service.

63. **M.H.** is 81 years old and lives on a budget. She agreed to keep her service after CenturyLink promised her the same rate for another year. CenturyLink increased her bill and then charged her a series of changing rates. **CenturyLink refused to give her the rate it promised**, telling her “there’s just no promotions that exist” that could keep the price of her service the same as she had been promised. CenturyLink threatened to charge her a \$200 cancellation penalty if she terminated her service. When M.H. asked if CenturyLink had “lied to [her]” about the price of its service, an agent responded, “I would say so. Yes.” She asked to speak with a supervisor. The agent would not transfer her, claiming CenturyLink’s employees are “all in different . . . locations” and “there’s nothing my facility would be able to do about [the misrepresentation].” CenturyLink later wrote to her claiming that its “system” would have “automatically blocked any attempt” to keep the price of her service the same, even though CenturyLink had promised her just that.

64. As noted in the examples above, CenturyLink has quoted monthly prices that turn out to be inaccurate for a variety of reasons. CenturyLink often fails to honor the base rate it promises consumers.

65. In addition, the price quotes are sometimes inaccurate for the added reason that the company failed to include a monthly charge called an "Internet Cost Recovery Fee" in its actual price quotes given to Minnesota consumers, even when consumers ask about additional fees or the total price they will pay. *See e.g.*, R.T. (told price quote included "everything" but charged more, including Internet Cost Recovery Fee); C.A. (promised quote included all taxes and fees but still charged additional Internet Cost Recovery Fee); R.S. (charged more than quoted, including Internet Cost Recovery Fee, even after asking about all additional fees).

66. In other cases, CenturyLink misrepresents and minimizes the price of the company's internet service by not disclosing this fee during the sales conversation in which consumers and CenturyLink primarily discuss the base cost of CenturyLink's internet service. *See e.g.*, B.T. (charged more than promised, including unmentioned Internet Cost Recovery Fee); H.R. (charged more than double what CenturyLink promised, plus Internet Cost Recovery Fee company did not mention in sales conversation); K.K. (deceived by \$20 per month in base rate plus unmentioned Internet Cost Recovery Fee); M.B. (charged more than promised, including unmentioned Internet Cost Recovery Fee); J.F. (billed base rate nearly four times promised rate plus Internet Cost Recovery Fee); A.L. (paid fluctuating rates above promised offer, including unmentioned Internet Cost Recovery Fee); S.G. (charged base rate of 50% more than quoted plus unmentioned Internet Cost Recovery Fee); D.G. (charged more than promised, including unmentioned Internet Cost Recovery Fee); B.K. (billed more than double quoted offer plus mentioned Internet Cost Recovery Fee).

67. CenturyLink's so-called Internet Cost Recovery Fee is charged to every Minnesota consumer who has internet service with the company. The fee started at \$0.99 per internet connection, per month, was raised to \$1.99 per internet connection, per month, and is

now \$3.99 per internet connection, per month. That means each consumer now pays an added \$47.88 per year to CenturyLink just in Internet Cost Recovery Fees.

68. CenturyLink has misrepresented the nature of the Internet Cost Recovery Fee to consumers who notice it on their multi-page bills, sometimes falsely calling it: a federal fee; a fee for their internet line; a phone tax; an undisputable charge; a FCC-regulated fee; a form of insurance; a fee that is negotiated with each state; or a fee for the consumer's phone line. An internal CenturyLink communication from April of 2016 produced to the State acknowledges that the company has "misinformed" consumers by calling the Internet Cost Recovery Fee "a tax," a false description repeated on recordings produced to the State. The Internet Cost Recovery Fee is not any of these things. It is simply part of the base monthly rate that CenturyLink charges all Minnesota consumers with internet service, but that the company has artificially listed separately on its bills as a "fee" to make its base rates appear lower to price-sensitive customers.

69. Minnesota consumers have purchased CenturyLink's services based on the company's deceptive representations about the price of its services.

70. Special circumstances exist that triggered a duty on the part of CenturyLink to disclose material facts about the prices consumers will pay. First, CenturyLink had special knowledge which Minnesota consumers did not have at the time of their purchase of the full scope of the conditions, exceptions, and charges that CenturyLink uses to determine the prices to bill consumers. Consumers do not possess this special knowledge; in fact, CenturyLink designated these rules "Trade Secret" during the State's investigation. CenturyLink knows it operates in a price-sensitive market where consumers shop based on the final monthly rate they will pay. CenturyLink knew or had reason to know that potential customers would place their

trust in CenturyLink and rely on the company to inform them of material facts relating to the cost of CenturyLink's service. CenturyLink abused that trust by making verbal representations that included only a single price that consumers believed was the total price and by not disclosing that additional factors governing these offers would lead to a higher price. Second, CenturyLink did not say enough to prevent the representations it made to consumers from being deceptive and misleading.

71. The State brings this action to protect Minnesota consumers from CenturyLink's unlawful acts.

#### **COUNT I CONSUMER FRAUD**

72. The State of Minnesota re-alleges all prior paragraphs of this Complaint.

73. Minnesota Statutes section 325F.69, subdivision 1 reads:

The act, use, or employment by any person of any fraud, false pretense, false promise, misrepresentation, misleading statement or deceptive practice, with the intent that others rely thereon in connection with the sale of any merchandise, whether or not any person has in fact been misled, deceived, or damaged thereby, is enjoined as provided in section 325F.70

Minn. Stat. § 325F.69, subd. 1 (2016).

74. The term "merchandise" within the meaning of Minnesota Statutes section 325F.69 includes services. *See* Minn. Stat. § 325F.68, subd. 2 (2016).

75. CenturyLink has repeatedly violated Minnesota Statutes section 325F.69, subdivision 1, by engaging in the deceptive and fraudulent practices described in this Complaint, with the intent that others rely thereon in connection with the sale of its internet and television services. Among other things, CenturyLink has falsely promised consumers that its service will

cost a particular price when in fact the company charges consumers another price as a result of the practices described in this Complaint.

76. Due to the deceptive and fraudulent conduct described in this Complaint, Minnesota consumers have made payments to CenturyLink for goods and services that they otherwise would not have purchased or in amounts that they should not have been required to pay, thereby causing harm to those consumers.

77. Given the representations it made, its special knowledge, and the circumstances described in this Complaint, CenturyLink had a duty to disclose material facts to potential customers in connection with its marketing and offering of goods and services to Minnesota consumers, including the additional prices and factors that would result in the company not honoring its quoted monthly prices. By not doing so, the company failed to disclose material information in violation of Minnesota Statutes section 325F.69, subdivision 1.

78. CenturyLink's conduct, practices, actions, and material omissions described in this Complaint constitute multiple, separate violations of Minnesota Statutes section 325F.69.

## **COUNT II DECEPTIVE TRADE PRACTICES**

79. The State of Minnesota re-alleges all prior paragraphs of this Complaint.

80. Minnesota Statutes section 325D.44, subdivision 1 provides in part that:

A person engages in a deceptive trade practice when, in the course of business, vocation, or occupation, the person:

\*\*\*

(9) advertises goods or services with intent not to sell them as advertised;

\*\*\*

(11) makes false or misleading statements of fact concerning the reasons for, existence of, or amounts of price reductions;

\*\*\* or

(13) engages in any other conduct which similarly creates a likelihood of confusion or of misunderstanding.

Minn. Stat. § 325D.44, subd. 1 (2016).

81. CenturyLink has repeatedly violated Minnesota Statutes section 325D.44, subdivision 1, by engaging in the deceptive and fraudulent conduct described in this Complaint. CenturyLink's conduct caused a likelihood of confusion or misunderstanding among consumers regarding, among other things, the prices of CenturyLink's internet and television service. CenturyLink has advertised its services with the intent not to sell them at the advertised price because, among other things, CenturyLink has quoted prices to consumers that it later claims are impossible for consumers to receive. CenturyLink has also made false and misleading statements about the reasons for, existence of, and amounts of price reductions it promised to Minnesota consumers but subsequently failed to deliver to those consumers.

82. Due to the deceptive and fraudulent conduct described in this Complaint, consumers made payments to CenturyLink for goods and services that they otherwise would not have purchased or in amounts that they should not have been required to pay.

83. Given the representations it made, its special knowledge, and the circumstances described in this Complaint, CenturyLink had a duty to disclose all material facts to potential customers in connection with its marketing and offering of goods and services to Minnesota consumers, including the additional prices and factors that would result in the company not honoring its quoted monthly prices. By not doing so, the company failed to disclose material information in violation of Minnesota Statutes section 325D.44, subdivision 1.

84. CenturyLink's conduct, practices, and actions described in this Complaint constitute multiple, separate violations of Minnesota Statutes section 325D.44.

### **RELIEF**

The State of Minnesota, by its Attorney General, Lori Swanson, respectfully asks this Court to enter judgment against CenturyLink awarding the following relief:

1. Declaring that CenturyLink's acts described in this Complaint constitute multiple, separate violations of Minnesota Statutes sections 325F.69 and 325D.44;
2. Enjoining Defendants and their employees, officers, directors, agents, successors, assignees, affiliates, merged or acquired predecessors, parent or controlling entities, subsidiaries, and all other persons acting in concert or participation with them, from violations of Minnesota Statutes sections 325F.69 and 325D.44;
3. Awarding restitution under the *parens patriae* doctrine, the general equitable powers of this Court, Minnesota Statutes section 8.31, and any other authority for all persons injured by CenturyLink's acts as described in this Complaint;
4. Awarding civil penalties pursuant to Minnesota Statutes section 8.31, subdivision 3, for each separate violation of Minnesota Statutes sections 325F.69 and 325D.44;
5. Awarding the State of Minnesota its attorneys' fees, litigation costs, and costs of investigation, as authorized by Minnesota Statutes section 8.31, subdivision 3a; and

6. Granting such further relief as provided by law or equity, or as the Court deems appropriate and just.

Dated: July 12, 2017

Respectfully submitted,

LORI SWANSON  
Attorney General  
State of Minnesota

JAMES W. CANADAY  
Deputy Attorney General

/s/ Alex K. Baldwin  
ALEX K. BALDWIN  
Assistant Attorney General  
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ATTORNEYS FOR STATE OF MINNESOTA



**MINN. STAT. § 549.211  
ACKNOWLEDGMENT**

The party or parties on whose behalf the attached document is served acknowledge through their undersigned counsel that sanctions may be imposed pursuant to Minn. Stat. § 549.211.

Dated: July 12, 2017

/s/ Alex K. Baldwin

ALEX K. BALDWIN

Assistant Attorney General

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ATTORNEYS FOR STATE OF MINNESOTA

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF ANOKA

TENTH JUDICIAL DISTRICT

State of Minnesota, by its Attorney General,  
Lori Swanson,Case Type: Other Civil  
(Consumer Protection)

Plaintiff,

Court File No. 02-CV-17-3488

v.

**ANSWER AND AFFIRMATIVE  
DEFENSES**CenturyTel Broadband Services LLC,  
d/b/a CenturyLink Broadband; Qwest  
Broadband Services, Inc., d/b/a  
CenturyLink; and Qwest Corporation,  
d/b/a CenturyLink QC,

Defendants.

COMES NOW Defendants CenturyTel Broadband Services LLC, d/b/a CenturyLink Broadband ("CenturyTel Broadband"), Qwest Broadband Services, Inc., d/b/a CenturyLink ("Qwest Broadband"), and Qwest Corporation, d/b/a CenturyLink QC ("QC") (collectively, "Defendants"), for their Answer to the Complaint of the State of Minnesota, by its Attorney General, Lori Swanson, ("Plaintiff" or the "State"), state and allege as follows. Except as specifically admitted or qualified herein, Defendants deny each and every allegation, statement, heading, and/or thing set forth in the Complaint, and with respect to each of the specific paragraphs set forth in the Complaint further state and allege as follows:

**INTRODUCTION**

1. *CenturyLink promises a simple, low rate to Minnesota consumers for internet and cable television service. But CenturyLink has fraudulently charged some Minnesota consumers more than the price the company quoted to them at the time of sale. To make matters worse, CenturyLink has often refused to honor its quoted rates after consumers bring the price*

*misrepresentations to the company's attention. The State of Minnesota brings this action to stop these fraudulent practices and to enforce Minnesota's consumer protection laws.*

1. Defendant CenturyTel Broadband admits that it provides internet and video services to certain Minnesota customers, and affirmatively states that its advertising, contracts, and other written materials speak for themselves. Defendant Qwest Broadband admits that it provides video services to certain Minnesota customers, and affirmatively states that its advertising, contracts, and other written materials speak for themselves. Defendant QC admits that it provides internet services to certain Minnesota customers, and affirmatively states that its advertising, contracts, and other written materials speak for themselves. Defendants deny the remainder of the allegations in Paragraph 1 of the Complaint.

#### **PARTIES**

2. *Lori Swanson, Attorney General of the State of Minnesota, is authorized under Minnesota Statutes chapter 8; the Uniform Deceptive Trade Practices Act, Minnesota Statutes sections 325D.43—.48; the Consumer Fraud Act, Minnesota Statutes sections 325F.68-.694; and has common law authority, including parens patriae authority, to bring this action to enforce Minnesota's laws, to vindicate the State's sovereign and quasi-sovereign interests, and to remediate all harm arising out of and provide full relief for — violations of Minnesota's laws.*

2. The allegations in Paragraph 2 of the Complaint consist of legal conclusions, to which no response is required. To the extent a response is required, Defendants deny the allegations in Paragraph 2.

3. *CenturyTel Broadband Services, LLC is a Louisiana limited liability company, doing business in Minnesota as CenturyLink Broadband. Its principal place of business is 100 CenturyLink Drive, Monroe, Louisiana 71203. It is registered with the Minnesota Secretary of State pursuant to the Minnesota Limited Liability Company Act. CenturyTel Broadband Services,*

*LLC, acting in concert with other entities affiliated with CenturyLink, Inc., provides communications services in the State of Minnesota and it is a subsidiary of CenturyLink, Inc., a Louisiana corporation.*

3. Defendants admit the allegations in the first, second, and third sentences of Paragraph 3 of the Complaint, admit that CenturyTel Broadband provides the services described in Paragraph 1 of this Answer, and admit that CenturyTel Broadband is a subsidiary of CenturyLink, Inc. Defendants deny the remaining allegations in Paragraph 3.

4. *Qwest Broadband Services, Inc. is a Delaware corporation, doing business in Minnesota as CenturyLink. Its principal place of business is 100 CenturyLink Drive, Monroe, Louisiana 71203. It is registered with the Minnesota Secretary of State pursuant to the Minnesota Foreign Corporation Act. Qwest Broadband Services, Inc., acting in concert with other entities affiliated with CenturyLink, Inc., provides communications services in the State of Minnesota and it is a subsidiary of CenturyLink, Inc., a Louisiana corporation.*

4. Defendants admit the allegations in the first, second, and third sentences of Paragraph 4 of the Complaint, admit that Qwest Broadband provides the services described in Paragraph 1 of this Answer, and admit that Qwest Broadband is an indirect subsidiary of CenturyLink, Inc. Defendants deny the remaining allegations in Paragraph 4.

5. *Qwest Corporation is a Colorado corporation, doing business in Minnesota as CenturyLink QC. Its principal place of business is 100 CenturyLink Drive, Monroe, Louisiana 71203. It is registered with the Minnesota Secretary of State pursuant to the Minnesota Foreign Corporation Act. Qwest Corporation, acting in concert with other entities affiliated with CenturyLink, Inc., provides communications services in the State of Minnesota and it is a subsidiary of CenturyLink, Inc., a Louisiana corporation.*

5. Defendants admit the allegations in the first, second, and third sentences of Paragraph 5 of the Complaint, admit that QC provides the services described in Paragraph 1 of this Answer, and admit that QC is an indirect subsidiary of CenturyLink, Inc. Defendants deny the remaining allegations in Paragraph 5.

### JURISDICTION

6. *Minnesota Statutes section 8.31 and common law authority provide this Court with jurisdiction over the subject matter of this action.*

6. The allegations in Paragraph 6 of the Complaint consist of legal conclusions, to which no response is required. To the extent a response is required, Defendants deny the allegations in Paragraph 6.

7. *This Court has personal jurisdiction over CenturyLink as a result of CenturyLink and its affiliated entities' sales to and dealings with Minnesota consumers. CenturyLink conducts business in Minnesota and has committed acts causing injury to consumers located in Minnesota.*

7. The allegations in the first sentence of Paragraph 7 of the Complaint consist of legal conclusions, to which no response is required. Defendants deny the allegations in the second sentence of Paragraph 7, except admit that Defendant CenturyTel Broadband provides internet and video services to certain Minnesota customers, that Defendant QC provides internet services to certain Minnesota customers, and that Defendant Qwest Broadband provides video services to certain Minnesota customers.

### VENUE

8. *Venue in Anoka County is proper under Minnesota Statutes section 542.09 because this cause of action arises in part in Anoka County. CenturyLink does and has done*

*business in Anoka County, and CenturyLink's unlawful acts have harmed Anoka County residents, among others.*

8. The allegations in the first sentence of Paragraph 8 of the Complaint consist of legal conclusions, to which no response is required. Defendants deny the allegations in the second sentence of Paragraph 8, except Defendants admit that Defendant CenturyTel Broadband provides internet and video services to certain Minnesota customers in Anoka County, that Defendant QC provides internet services to certain Minnesota customers in Anoka County, and that Defendant Qwest Broadband provides video services to certain Minnesota customers in Anoka County.

#### **FACTUAL BACKGROUND**

9. *For decades, CenturyLink and its related entities offered regulated telephone service to Minnesota residents. As a result, many Minnesotans view CenturyLink as a telephone company operating in a predictable and regulated market.*

9. Defendants deny the allegations in the first sentence of Paragraph 9 of the Complaint, except Defendants admit that Defendant QC has offered regulated telephone service to Minnesota residents. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in the second sentence of Paragraph 9, and on that basis deny them.

10. *More recently, CenturyLink has branched into other lines of business. The company now sells internet and cable television service to Minnesota residents. CenturyLink competes with other cable television and internet providers, satellite television companies, and cellular providers for market share for these services.*

10. Defendants admit that Defendant CenturyTel Broadband provides internet and video services to certain Minnesota customers, that Defendant QC provides internet services to certain Minnesota customers, and that Defendant Qwest Broadband provides video services to

certain Minnesota customers. Defendants further admit that there are other providers of cable television, internet, satellite television, and cellular services. Defendants lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 10 of the Complaint, and on that basis deny each and every allegation.

11. *There has been a near five-fold increase in the number of internet subscribers in the past two decades. The number of consumers who subscribe to cable service is declining, reducing cable providers' revenue by an estimated \$1 billion per year. Satellite television service went from being non-existent to servicing 25% of households in a single generation.*

11. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 11 of the Complaint, and on that basis deny each and every allegation.

12. *CenturyLink has responded to these market dynamics in part by promising prices designed to attract price-sensitive consumers. But CenturyLink has deceptively charged some Minnesota consumers more than it promised them at the time of sale.*

12. Defendants admit that each of them selects price points and sales packages for its services for various types of consumers, including those that are sensitive to price. Defendants deny the remainder of the allegations in Paragraph 12 of the Complaint.

13. *During its investigation, the State asked CenturyLink to produce information about the prices it charges to Minnesota consumers for internet and cable television services. CenturyLink produced more than 1,000 pages of documents it stated were an "overview" of its pricing policies. The company claimed that the State's request that CenturyLink produce full information about its prices was "unduly burdensome."*

13. To the extent that the allegations in Paragraph 13 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to a Civil Investigative Demand ("CID") propounded by the State, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

14. *These pricing documents reveal a complex and elaborate pricing system in which layers of conditions and exceptions can affect the rates paid by consumers. To quote an accurate price, CenturyLink's sales agents must accurately process this information and then explain the final price to consumers at the time of sale.*

14. Defendants deny the allegations in Paragraph 14 of the Complaint.

15. *The stories below reveal a recurring disconnect between the quotes CenturyLink has given to consumers and the actual prices they were charged, supposedly based on hidden rules contained in the company's complex billing system, which CenturyLink claims are "trade secrets." The disconnect happens in many ways, but the bottom line is that CenturyLink routinely fails to live up to its promises about the total prices consumers will pay for its services.*

15. Defendants deny the allegations in Paragraph 15 of the Complaint.

16. *CenturyLink's base rates depend on several factors. By using combinations from only four factors — the speed of the consumer's internet connection, the presence or absence of CenturyLink e-mail service, the manner in which CenturyLink connects a consumer's home to the Internet, and the number of channels included in its television packages — CenturyLink's pricing scheme starts with more than 1,500 different scenarios that can affect the base rates that CenturyLink will charge.*



16. Defendants deny the allegations in Paragraph 16 of the Complaint, except that they admit that the rates that each Defendant charges for internet or video services, as applicable, may depend, in part, on a variety of factors, including the internet speed selected by the consumer, whether the consumer elects to subscribe to CenturyLink as an internet service provider, whether the consumer selects wireline or standalone internet services, and the specific television channels to which the consumer subscribes, among other factors.

17. *As the stories below show, CenturyLink often misrepresents the base monthly rate it will charge consumers for its internet and television services, and the company's sales practices and misrepresentations confuse Minnesota consumers.*

17. Defendants deny the allegations in Paragraph 17 of the Complaint.

18. *CenturyLink told the State that it has "hundreds of promotional offers at any time." CenturyLink refused to disclose all of the promotions made to Minnesota consumers, calling the request to produce all associated information about its promotions "unduly burdensome." CenturyLink did disclose an "overview" of 175 of its internet and television promotions.*

18. Defendants deny the allegations in Paragraph 18 of the Complaint.

19. *Each promotion includes a matrix of complex and subtle information, starting with the conditions and exceptions governing the promotion. These conditions and exceptions vary by promotion but typically identify which consumers or products are supposedly eligible to receive the promotion and price. The conditions and exceptions also specify additional actions that consumers must take — or cannot take — after their purchase to preserve their eligibility for the promotion. CenturyLink's promotional conditions and exceptions are further restricted by additional exceptions identifying additional promotions that are incompatible with the offered promotion. CenturyLink's promotional materials also impose special ordering instructions for*

*CenturyLink's sales agents, who are paid commissions based on the number of customers they sign up for the company's services.*

19. To the extent that the allegations in Paragraph 19 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by Minnesota consumers, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information for their full and accurate contents. Otherwise, Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 19 of the Complaint, and on that basis deny each and every allegation.

20. *These promotional offer matrices contain a large amount of information that would have to be accurately processed by the company, with the outcome then explained to consumers at the time of sale if the company is to quote an accurate price to consumers. CenturyLink uses as many as 29 conditions and exceptions per promotion. Some promotions identify up to 138 "disqualifying" combinations of promotions. The standard ordering process requires CenturyLink's agents to perform up to 31 steps to add internet service and up to 18 steps to add television service to consumers' accounts. The promotional matrices reveal as many as 19 additional or special steps per promotion that CenturyLink's agents must perform to apply promotions to consumers' accounts.*

20. To the extent that the allegations in Paragraph 20 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by Minnesota consumers, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents. Otherwise, Defendants lack knowledge

or information sufficient to form a belief as to the truth of the allegations in Paragraph 20 of the Complaint, and on that basis deny each and every allegation.

21. *Collectively, these documents — which provide an overview of just some of CenturyLink's promotional offerings — reveal more than 2,000 conditions and exceptions that CenturyLink uses to increase the price it charges consumers above what it promises them at the time of sale. The pricing documents — which CenturyLink marked "Trade Secret" (meaning they are hidden from consumers) — collectively identify nearly 3,800 disqualifying combinations of promotions that ostensibly make a consumer ineligible to receive a promotion.*

21. To the extent that the allegations in Paragraph 21 purport to characterize the contents, or the confidentiality designations, of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by Minnesota consumers, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents. Otherwise, Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 21 of the Complaint, and on that basis deny each and every allegation.

22. *As the stories below show, CenturyLink has misrepresented the price of its internet and cable television services by promising prices to Minnesota consumers that it did not deliver. Most consumers who are misquoted do not discover the company's actual prices until they receive their first bill.<sup>1</sup>*

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<sup>1</sup> CenturyLink told the State that all but a "small percentage" of its Minnesota consumers are billed through the company's "CRIS billing system." CenturyLink produced the exemplar "Welcome Letters" that this billing system allegedly sends to Minnesota consumers after the sale. These exemplar letters do not disclose any prices. And by using the prominent heading "Your Order Confirmation," CenturyLink falsely lulls Minnesota consumers into thinking that CenturyLink is only confirming the offer that the company's sales agent just promised them.

22. Defendants deny the allegations in Paragraph 22 of the Complaint. To the extent that the allegations in the first, second, and third sentences of Footnote 1 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by Minnesota consumers, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents. Otherwise, Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in the first, second, and third sentences of Footnote 1 of the Complaint, and on that basis deny each and every allegation. Defendants deny the allegations in the fourth sentence of Footnote 1.

23. *On top of its base rates, CenturyLink adds any number of its dozens of one-time and monthly recurring fees to consumers' bills. CenturyLink classifies some fees as relating to accessories, equipment, activation, shipping and handling, and installation. CenturyLink also adds at least one "fee" (the "Internet Cost Recovery Fee") for which the classification or purpose is not readily apparent, but which is added to the bills of all of its internet subscribers. Other fees apply depending on the type of service consumers purchase. In some cases, the extra fees can add up to more than the base rates that CenturyLink promises.*

23. CenturyLink denies the allegations in Paragraph 23 of the Complaint, except admits that it charges certain fees to consumers which are reflected on those consumers' bills, and refers the Court to those bills for their full and accurate contents. Defendants admit that, in accordance with their disclosures and contracts, CenturyTel Broadband and QC sometimes charge an Internet Cost Recovery or Broadband Cost Recovery fee to certain customers of internet services. To the extent that the allegations in Paragraph 23 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the

State's CID, by Minnesota consumers, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

24. *CenturyLink has regularly misquoted the price of its internet and television services to Minnesota consumers. In response to a complaint from the Minnesota Attorney General's Office on behalf of a consumer, a CenturyLink employee stated that, of the sales recordings she reviews, "maybe 1 out of 5 are quoted correctly or close enough. I have one today quoted \$39 and its over \$100 monthly." She further stated that "in many cases, the customer calls in for several months and [is] promised callbacks, passed around, or cut off before going to the AG, PUC, FCC, or BBB." Her April 22, 2015, e-mail reads as follows:*

**From:** Ornelas, Diana L  
**Sent:** Wednesday, April 22, 2015 11:30 AM  
**To:** Orr, Dan  
**Subject:** RE: Minn Attorney General complaint, [REDACTED]  
[REDACTED]

I understand and also like to get it when the call is still available. I have so many I get every day and honestly, I could say maybe 1 out of 5 are quoted correctly or close enough. I have one today quoted \$39 and its over \$100 monthly. So I tend to get on the defensive for the customer at times because of the large amount that are misquoted. As in many cases, the customer calls in for several months and promised call backs, passed around, or cut off before going to the AG, PUC, FCC or BBB and we are unable to review the calls. Hopefully in the future we can have them saved for a longer period or a better resolution would be to get that person back to the sales rep or sales rep manager on the first call to the company after the service is installed. Then the Issue could be reviewed, resolved and feedback/training provided.

24. Defendants deny the allegations in the first sentence of Paragraph 24 of the Complaint. To the extent that the allegations in Paragraph 24 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by Minnesota consumers, or by third-parties, Defendants deny the State's characterizations

and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

25. *In a May, 2015 recording obtained by the State, another CenturyLink employee laments that there are "not enough people to do the work" of responding to the "whole pile of Minnesota [complaints]" that "usually come in groups of 10."*

25. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 25 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 25 purport to characterize the contents of a recording, the language speaks for itself and any attempt to characterize the language is denied.

26. *The following paragraphs contain examples of these complaints.<sup>2</sup>*

26. The allegations in Paragraph 26 of the Complaint consist of prefatory language to which no response is required. To the extent a response is required, Defendants deny the allegations in Paragraph 26. Defendants deny the allegations in the first sentence of Footnote 2 of the Complaint. The second and third sentences of Footnote 2 consist of the State's characterization of its claims, to which no response is required. To the extent a response is required, Defendants deny the allegations in the second and third sentences of Footnote 2. Defendants deny the allegations in the fourth sentence of Footnote 2, except Defendants admit that Defendants apply credits to consumer accounts in appropriate circumstances.

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<sup>2</sup> *This Complaint includes the representative and illustrative experiences of 35 Minnesotans to describe how CenturyLink has deceived consumers. The State's allegations are not confined to the consumers described in this Complaint. These experiences are non-exclusive examples that generally illustrate CenturyLink's unlawful conduct. In some cases after the Attorney General's Office intervened, CenturyLink agreed to apply at least partial credits to consumers' accounts following the company's price misrepresentations.*

27. *B.T. uses his Ph.D. in applied economics to scrutinize financial information for his employer. CenturyLink offered him internet service for \$14.95 per month for one year and \$24.95 per month for a second year. CenturyLink actually charged him a base rate of \$29.95 per month. CenturyLink repeatedly refused to honor its offer and threatened to charge him a \$200 penalty if he cancelled his service, even though the company's complaint file states that CenturyLink listened to the recording of the sales call and confirmed the "misquote." CenturyLink told B.T. that "no one at CenturyLink can get you that price," even though the company had promised it to him.*

27. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 27 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 27 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

28. *K.S. needed low-cost internet service for her daughter to complete her homework. CenturyLink offered her Internet service for \$14.99 per month for six months but failed to charge her the promised rate. A supervisor would not honor CenturyLink's offer and claimed she had "used up" her discounts and denied that the company had offered her internet service for \$14.99 per month. CenturyLink's complaint file states that the company listened to the sales call and confirmed CenturyLink's offer of service for \$14.99 per month.*

28. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 28 of the Complaint, and on that basis deny each and every





allegation. To the extent that the allegations in Paragraph 28 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

29. *CenturyLink offered internet service to K.Z. for a base rate of \$19.95 per month but charged him a base rate of \$37 instead. A supervisor refused to honor CenturyLink's offer, telling him he was "misquoted." CenturyLink told him that the company's offers are "not binding commitments" and discounts are "a gift from us to you" that CenturyLink can rescind at its discretion. CenturyLink later told him that "the system" had "auto-removed" a discount from his account, thereby raising the price of his service above what CenturyLink promised.*

29. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 29 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 29 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

30. *H.D.H. agreed to keep her basic CenturyLink plan after the company promised her the same rate for another year. CenturyLink increased her bill by more than 50% the following month. She provided her confirmation number, but the company repeatedly refused to honor its offer, claiming that CenturyLink can "give you all the confirmation numbers in the world," but if CenturyLink "quotes you [a rate] not available it's going to get denied."*

*CenturyLink told her the previous agent she spoke to did not "even know what offers we have to offer in the first place" and claimed that what the company previously promised her was "irrelevant."*

30. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 30 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 30 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

31. *R.T. is a 62-year-old businessman from Blaine. He used CenturyLink's on-line chat feature to purchase CenturyLink internet service for \$29.95 per month for two years, and television service for \$39.97 per month for one year and \$59.96 per month the next year:*

[REDACTED] my contract for internet is not up for a few months  
Gianna C.: I can put you in a promotion of 2 years for \$29.95 by adding PrismTV  
[REDACTED] looks good, I will look at the channel line ups and then decide, the package you are listing above is what tv package, does this include tehrental equipment costs  
Gianna C.: It includes everything R [REDACTED]  
Gianna C.: It is the essential package.  
Gianna C.: If you set it up with me today I can also offer you \$25 off in your monthly bill so you are going to be paying \$39.97 for the first year and \$59.96 for the second year.

*CenturyLink charged him \$194.84 the month after he accepted this offer. CenturyLink billed him at least \$107.68 per month the following months. R.T. repeatedly asked for the rate promised to him, and CenturyLink refused to honor its written offer. CenturyLink later told him that its*

*television service was “not a regulated or tariffed [sic] product” so CenturyLink could “raise or lower the base product price as determined by CenturyLink.”*

31. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 31 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 31 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State’s CID, by this consumer, or by third-parties, Defendants deny the State’s characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

32. *J.S. is an occupational therapist. She accepted CenturyLink’s offer of internet and television service for \$91.83 per month for one year. CenturyLink repeatedly failed to honor its promise and charged her \$202.04, \$103.43, \$116.97, \$108.15, and \$128.26, respectively, the first five months she had this package. CenturyLink told her its billing system is “complicated” and “hard to explain” and that sales agents can offer promotions that the system then “removes.”*

32. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 32 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 32 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State’s CID, by this consumer, or by third-parties, Defendants deny the State’s characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

33. *A.G. is an attorney, Door-to-door CenturyLink agents sold him a package they promised in writing would cost \$90.82 the first full month, \$140.11 for the second through twelfth months, and \$199.10 for the thirteenth through thirty-sixth months:*

12/24 - 3 - 12/28

1 = 90.82

2-12 = 140.11

13-36 = 199.10

37+ = 224.00

pro = 14.01

NFC = 36.07

Call back for new promotion  
for prism tv

*CenturyLink repeatedly refused to honor its offer, charging him hundreds of dollars more than its written offer in the following months. CenturyLink later claimed that he had received “all the discounts” he was “qualified” to receive.*

33. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 33 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 33 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

34. *K.N. is 60 years old and lives in Britt. CenturyLink promised him internet service for a base rate of \$29.95 per month but failed to bill him as promised, charging him a base rate of \$61 instead. CenturyLink told him, "you're doing math, and you're trying to break [the cost] down in a way that it's not supposed to be broken down . . . there's no 'this is how much it costs.'"* K.N. asked how much the company would charge him the next month, and CenturyLink said, "honestly, you're not going to know . . . until the next bill prints." CenturyLink later wrote to him stating he was "ineligible" for the offer CenturyLink promised him and that he had accepted months earlier.

34. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 34 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 34 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

35. *CenturyLink has routinely refused to honor its offers without adequately reviewing or considering customers' complaints that they were charged more than they were quoted. CenturyLink gives a variety of excuses to Minnesota residents as to why it will not honor the prices quoted to them. For example, a CenturyLink supervisor told B.P., a Hibbing business owner, that CenturyLink is "not responsible" for its sales agents' offers.*

35. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 35 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 35 purport to characterize the contents

of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

36. *CenturyLink promised to beat the \$112 per month that J.A., a psychologist, was paying for her service. CenturyLink instead charged her a series of rates fluctuating around \$145 per month. CenturyLink refused to honor its offer, claiming to have no record of the offer she accepted while simultaneously claiming that she was "correctly billed."*

36. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 36 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 36 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

37. *H.R. is an assistant professor with a Ph.D. CenturyLink offered him internet service for \$29.95 per month but charged him more than double that rate. An agent told him it was not possible to receive his internet service for \$29.95 per month and that nothing could be done to get the rate CenturyLink promised.*

37. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 37 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 37 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's

CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

38. *T.H. is 24 years old and has an accounting degree. CenturyLink promised him internet service for \$28.93 per month but charged him \$44.67. A supervisor told him CenturyLink would not honor its offer. The company then wrote to him and claimed it "does not guarantee that promotional discounts are available and the number of available discounts have restrictions and qualifications."*

38. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 38 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 38 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

39. *A door-to-door CenturyLink agent sold a package to C.A., a retiree from Spring Lake Park, that the agent promised would cost a total of \$100 per month for one year and \$115 per month the second year. The agent told C.A. those rates included all charges. The agent's offer sheet listed no charges other than the \$100 and \$115 rates:*

**REGULAR PACKAGE PRICE:**

\$115 (2ND YEAR)

**PROMOTIONAL PRICE:**

\$100 (1ST YEAR)

*CenturyLink charged him more than it promised and refused to honor the written offer. Yet the company told C.A. it would charge him a cancellation penalty if he terminated his service.*

39. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 39 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 39 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

40. *Internal CenturyLink documents show that the company has a policy not to honor its sales agents' offers under certain scenarios, including when agents do not properly enter a promotion into CenturyLink's billing system.*

40. Defendants deny the allegations in Paragraph 40 of the Complaint.

41. *For example, L.F. accepted CenturyLink's offer to receive internet service for \$19.01 per month, but CenturyLink charged her \$55.99 the following month. CenturyLink told L.F. that the offer she had accepted appeared in CenturyLink's billing system, but that CenturyLink would not honor that offer.*

41. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 41 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 41 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and



refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

42. *K.K. is a legal assistant. CenturyLink promised her Internet service for \$24.99 per month, but the company charged her a base rate of \$44.95 per month. CenturyLink claimed the offer she had already accepted was "not available" to her. CenturyLink refused to honor its offer. The threat of a cancellation penalty trapped K.K. into staying with CenturyLink.*

42. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 42 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 42 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

43. *P.O. is a 61-year-old certified public accountant. He purchased a CenturyLink package for \$55.91 per month, but CenturyLink actually charged him \$97.95. The company claimed that its "system" showed P.O. should have been billed even more. Multiple CenturyLink agents refused to honor the promised rate, and the company charged him \$103.39 the following month. CenturyLink later wrote to him claiming its "billing system automatically block[ed]" the offer CenturyLink had promised.*

43. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 43 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 43 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's

CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

44. *M.B. is a mother of six, and her family lives on a budget. She purchased CenturyLink's internet service, which the company offered to her for \$29.95 per month. CenturyLink actually charged her a base rate of \$39.95. CenturyLink refused to honor its offer, telling M.S. that the offer she had already accepted was "not available."*

44. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 44 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 44 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

45. *J.F. is a retired engineer. CenturyLink offered him internet service for a base rate of \$19.95 per month. The company then sent him a bill for \$367.33, including internet service for a base rate of \$71. A CenturyLink agent told him that the company had "verified" the offer but that CenturyLink would not honor the promised rate.*

45. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 45 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 45 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and

refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

46. *P.W. is a mortgage processor who previously investigated fraud claims for a bank. CenturyLink sold him a package, but the company did not bill him as promised and threatened to charge him an early termination penalty if he cancelled his service.*

46. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 46 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 46 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

47. *R.S. purchased a CenturyLink package that the company promised would cost \$75 per month. R.S. asked about additional fees and CenturyLink mentioned only a one-time charge. CenturyLink charged R.S. fluctuating rates between \$108.41 and \$310.10 the following months. CenturyLink refused to honor its offer.*

47. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 47 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 47 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

48. *O.N. is retired. CenturyLink offered him a package for approximately \$50 per month. CenturyLink never billed him as promised and charged him as much as \$258.46 in one month after he accepted CenturyLink's offer.*

48. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 48 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 48 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

49. *CenturyLink sold a package to A.K. that the company promised would lower his monthly rate. CenturyLink actually increased the price of A.K.'s service by nearly \$50 per month. A.K. repeatedly called CenturyLink, which then falsely promised to bill him \$87 per month — all taxes and fees included. CenturyLink charged him \$111.84, \$114.85, \$115.85, \$122.84, and \$123.88 the following months. A.K. kept contacting the company, but CenturyLink repeatedly failed to bill him as promised. When he cancelled his service, CenturyLink charged him an early cancellation penalty.*

49. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 49 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 49 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and

refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

50. *R.K. and D.G. are a married couple. CenturyLink promised them internet service for \$19.95 per month but charged them a base rate of \$29.95. A supervisor refused to honor CenturyLink's offer. CenturyLink told them it had -misinformed" them when they purchased the service but that \$29.95 per month was "the only rate" the company would now honor.*

50. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 50 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 50 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

51. *CenturyLink promised A.L. a "price lock" package for \$73.90 per month. CenturyLink never charged him as promised, billing him \$227.48, \$84.06, \$97.27, \$98.34, \$88.34, and \$90.27 in the months after CenturyLink sold him the "price lock."*

51. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 51 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 51 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

52. *CenturyLink knows it provides consumers with inaccurate information. This knowledge is so ingrained that a specialist responding to a Minnesota complaint simply assumed that CenturyLink would not have provided the consumer with accurate information:*

**From:** CENTURYLINK TCS Tier 2 [REDACTED]  
**Sent:** Tuesday, February 17, 2015 12:01 PM  
**To:** Brewer, Mary C  
**Cc:** CENTURYLINK TCS Tier 2  
**Subject:** FW: [REDACTED]

Good Afternoon Mary,

Below are our final findings. We do apologize, however we were unable to retrieve the requested .wav file. Though based on experience, I hope you agree, I think that the agent would not have told the customer that they could not get the Price for Life back. The agent did not start until 9/22/14 and would not have had the experience at the time of this call to properly set the expectations. Please let us know if any additional information is needed.

If you have any questions or concerns please let me know.

Jessica Wylie  
Research & Resolution Specialist, Qualfon CDA

52. Defendants deny the allegations in Paragraph 52 of the Complaint. To the extent that the allegations in Paragraph 52 purport to characterize the contents of a document, the language speaks for itself and any attempt to characterize the language is denied.

53. *Fr. U. is a retired accountant. He accepted CenturyLink's offer to upgrade the speed of his internet service with no increase in the monthly rate. CenturyLink failed to follow through on its promised rate, and when Fr. U. contested the increase, a supervisor told him that CenturyLink's agents need more training.*

53. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 53 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 53 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's

CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

54. *CenturyLink promised internet service to S.G. for \$19.95 per month. CenturyLink charged her a base rate of \$29.95 per month. She reported the misrepresentation to CenturyLink, which did not honor its promise.*

54. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 54 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 54 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

55. *J.T. is a retired engineer and purchased a three-year "premium price lock" package that CenturyLink promised would cost a total of \$106.94 per month. CenturyLink would not honor the "locked" \$106.94 rate and charged him a series of fluctuating rates averaging more than \$144.*

55. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 55 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 55 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and

refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

56. *CenturyLink offered internet service to D.G., a retired school teacher from Eveleth, for \$29.95 per month. CenturyLink did not bill him as promised, charging him a base rate of \$39.95.*

56. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 56 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 56 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

57. *S.H. is a 70-year-old former director of a non-profit organization. She purchased a CenturyLink package that the company said would cost a total of approximately \$54 per month. CenturyLink actually charged her \$103.87. When S.H. called about the bill, a supervisor told her the discrepancy would be fixed the following month. The company charged her \$76.46 and \$77.96 the following months. CenturyLink then refused to honor its offer.*

57. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 57 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 57 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and



refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

58. *CenturyLink sold a new plan to D.S. that the company claimed would lower the price of his service. CenturyLink charged him more than it promised, increasing his bill by \$27.51 the following month.*

58. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 58 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 58 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

59. *CenturyLink sold a package to 76-year-old retiree K.T. that the company promised would cost \$62.14 for the first month, \$40.91 for the second month, and \$85.92 for the third through twelfth months. CenturyLink charged K.T. \$172.24 the first month and then falsely promised to fix his bill.*

59. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 59 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 59 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

60. *P.H., a retired school teacher, purchased a package that CenturyLink promised would save her money and cost approximately \$50 per month. CenturyLink failed to bill her as promised.*

60. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 60 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 60 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

61. *B.K. is a freelance art director. He purchased internet service for \$29.95 per month, but CenturyLink actually charged him a base rate of \$71. CenturyLink refused to honor its offer, claiming there were no promotions available to him, even though B.K. had already accepted such an offer.*

61. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 61 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 61 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

62. *P.J., a business owner, purchased a CenturyLink package, but the company failed to bill him as promised, charging him hundreds of dollars more than it promised during the time he received service.*

62. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 62 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 62 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

63. *M.H. is 81 years old and lives on a budget. She agreed to keep her service after CenturyLink promised her the same rate for another year. CenturyLink increased her bill and then charged her a series of changing rates. CenturyLink refused to give her the rate it promised, telling her "there's just no promotions that exist" that could keep the price of her service the same as she had been promised. CenturyLink threatened to charge her a \$200 cancellation penalty if she terminated her service. When M.H. asked if CenturyLink had "lied to [her]" about the price of its service, an agent responded, "I would say so. Yes." She asked to speak with a supervisor. The agent would not transfer her, claiming CenturyLink's employees are "all in different . . . locations" and "there's nothing my Facility would be able to do about [the misrepresentation]." CenturyLink later wrote to her claiming that its "system" would have "automatically blocked any attempt" to keep the price of her service the same, even though CenturyLink had promised her just that.*

63. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 63 of the Complaint, and on that basis deny each and every allegation. To the extent that the allegations in Paragraph 63 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the State's CID, by this consumer, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

64. *As noted in the examples above, CenturyLink has quoted monthly prices that turn out to be inaccurate for a variety of reasons. CenturyLink often fails to honor the base rate it promises consumers.*

64. Defendants deny the allegations in Paragraph 64 of the Complaint.

65. *In addition, the price quotes are sometimes inaccurate for the added reason that the company failed to include a monthly charge called an "Internet Cost Recovery Fee" in its actual price quotes given to Minnesota consumers, even when consumers ask about additional fees or the total price they will pay. See e.g., R.T. (told price quote included "everything" but charged more, including Internet Cost Recovery Fee); C.A. (promised quote included all taxes and fees but still charged additional Internet Cost Recovery Fee); R.S. (charged more than quoted, including Internet Cost Recovery Fee, even after asking about all additional fees).*

65. Defendants deny the allegations in Paragraph 65 of the Complaint, except Defendants state that to the extent the allegations in Paragraph 65 incorporate the allegations of Paragraphs 31, 39, and 47 of the Complaint, Defendants hereby incorporate their responses to those paragraphs in their response to Paragraph 65.

66. *In other cases, CenturyLink misrepresents and minimizes the price of the company's internet service by not disclosing this fee during the sales conversation in which*

consumers and CenturyLink primarily discuss the base cost of CenturyLink's internet service. See e.g., B.T. (charged more than promised, including unmentioned Internet Cost Recovery Fee); H.R. (charged more than double what CenturyLink promised, plus Internet Cost Recovery Fee company did not mention in sales conversation); K.K. (deceived by \$20 per month in base rate plus unmentioned Internet Cost Recovery Fee); M.B. (charged more than promised, including unmentioned Internet Cost Recovery Fee); J.F. (billed base rate nearly four times promised rate plus Internet Cost Recovery Fee); A.L. (paid fluctuating rates above promised offer, including unmentioned Internet Cost Recovery Fee); S.G. (charged base rate of 50% more than quoted plus unmentioned Internet Cost Recovery Fee); D.G. (charged more than promised, including unmentioned Internet Cost Recovery Fee); B.K. (billed more than double quoted offer plus mentioned Internet Cost Recovery Fee).

66. Defendants deny the allegations in Paragraph 66 of the Complaint, except state that to the extent the allegations in Paragraph 66 incorporate the allegations of Paragraphs 27, 37, 42, 44, 45, 51, 54, 56, and 61 of the Complaint, Defendants hereby incorporate their responses to those paragraphs in their response to Paragraph 66.

67. CenturyLink's so-called Internet Cost Recovery Fee is charged to every Minnesota consumer who has internet service with the company. The fee started at \$0.99 per internet connection, per month, was raised to \$1.99 per internet connection, per month, and is now \$3.99 per internet connection, per month. That means each consumer now pays an added \$47.88 per year to CenturyLink just in Internet Cost Recovery Fees.

67. Defendants deny the allegations in the first sentence of Paragraph 67 of the Complaint. Defendants admit that, in accordance with their disclosures and contracts, Defendants CenturyTel Broadband and QC sometimes charge an Internet Cost Recovery or

Broadband Cost Recovery fee to certain customers of internet services, and that the prices of those fees at various times have been \$0.99, \$1.99 or \$3.99 per month. Defendants deny the allegations in the third sentence of Paragraph 67.

68. *CenturyLink has misrepresented the nature of the Internet Cost Recovery Fee to consumers who notice it on their multi-page bills, sometimes falsely calling it: a federal fee; a fee for their internet line; a phone tax; an undisputable charge; a FCC-regulated fee; a form of insurance; a fee that is negotiated with each state; or a fee for the consumer's phone line, An internal CenturyLink communication from April of 2016 produced to the State acknowledges that the company has "misinformed" consumers by calling the Internet Cost Recovery Fee "a tax," a false description repeated on recordings produced to the State. The Internet Cost Recovery Fee is not any of these things. It is simply part of the base monthly rate that CenturyLink charges all Minnesota consumers with internet service, but that the company has artificially listed separately on its bills as a "fee" to make its base rates appear lower to price-sensitive customers.*

68. Defendants deny the allegations in Paragraph 68 of the Complaint. To the extent that the allegations in Paragraph 68 purport to characterize the contents of documents, interrogatories, objections, or other information provided pursuant to the CID, by consumers, or by third-parties, Defendants deny the State's characterizations and refer the Court to the documents, interrogatories, objections, and other information provided for their full and accurate contents.

69. *Minnesota consumers have purchased CenturyLink's services based on the company's deceptive representations about the price of its services.*

69. Defendants deny the allegations in Paragraph 69 of the Complaint.

70. *Special circumstances exist that triggered a duty on the part of CenturyLink to disclose material facts about the prices consumers will pay. First, CenturyLink had special knowledge which Minnesota consumers did not have at the time of their purchase of the full scope of the conditions, exceptions, and charges that CenturyLink uses to determine the prices to bill consumers. Consumers do not possess this special knowledge; in fact, CenturyLink designated these rules "Trade Secret" during the State's investigation. CenturyLink knows it operates in a price-sensitive market where consumers shop based on the final monthly rate they will pay. CenturyLink knew or had reason to know that potential customers would place their trust in CenturyLink and rely on the company to inform them of material facts relating to the cost of CenturyLink's service. CenturyLink abused that trust by making verbal representations that included only a single price that consumers believed was the total price and by not disclosing that additional factors governing these offers would lead to a higher price. Second, CenturyLink did not say enough to prevent the representations it made to consumers from being deceptive and misleading.*

70. Defendants deny the allegations in Paragraph 70.

71. *The State brings this action to protect Minnesota consumers from CenturyLink's unlawful acts.*

71. The allegations in Paragraph 71 constitute the State's characterization of its claims, to which no response is required. To the extent a response is required, Defendants deny the allegations in Paragraph 71.

**COUNT I  
CONSUMER FRAUD**

72. *The State of Minnesota re-alleges all prior paragraphs of this Complaint.*

72. Defendants restate their responses to each of the foregoing paragraphs of the Complaint as if fully set forth herein.

73. *Minnesota Statutes section 325F.69, subdivision 1 reads:*

The act, use, or employment by any person of any fraud, false pretense, false promise, misrepresentation, misleading statement or deceptive practice, with the intent that others rely thereon in connection with the sale of any merchandise, whether or not any person has in fact been misled, deceived, or damaged thereby, is enjoined as provided in section 325F.70

73. The allegations in Paragraph 73 of the Complaint purport to quote a statute. To the extent that Paragraph 73 is quoting a statute, the language speaks for itself and any attempt to characterize the language is denied.

74. *The term "merchandise" within the meaning of Minnesota Statutes section 325F.69 includes services, See Minn. Stat. § 325F.68, subd. 2 (2016).*

74. The allegations in Paragraph 74 of the Complaint consist of legal conclusions, to which no response is required. To the extent a response is required, Defendants deny the allegations in Paragraph 74 and refer the Court to the relevant statutes for their full and accurate contents.

75. *CenturyLink has repeatedly violated Minnesota Statutes section 325F.69, subdivision I, by engaging in the deceptive and fraudulent practices described in this Complaint, with the intent that others rely thereon in connection with the sale of its internet and television services. Among other things, CenturyLink has falsely promised consumers that its service will cost a particular price when in fact the company charges consumers another price as a result of the practices described in this Complaint.*

75. Defendants deny the allegations in Paragraph 75 of the Complaint.



76. *Due to the deceptive and fraudulent conduct described in this Complaint, Minnesota consumers have made payments to CenturyLink for goods and services that they otherwise would not have purchased or in amounts that they should not have been required to pay, thereby causing harm to those consumers.*

76. Defendants deny the allegations in Paragraph 76 of the Complaint.

77. *Given the representations it made, its special knowledge, and the circumstances described in this Complaint, CenturyLink had a duty to disclose material facts to potential customers in connection with its marketing and offering of goods and services to Minnesota consumers, including the additional prices and factors that would result in the company not honoring its quoted monthly prices. By not doing so, the company failed to disclose material information in violation of Minnesota Statutes section 325F.69, subdivision 1.*

77. Defendants deny the allegations in Paragraph 77 of the Complaint.

78. *CenturyLink's conduct, practices, actions, and material omissions described in this Complaint constitute multiple, separate violations of Minnesota Statutes section 325F.69.*

78. Defendants deny the allegations in Paragraph 78 of the Complaint.

## **COUNT II DECEPTIVE TRADE PRACTICES**

79. *The State of Minnesota re-alleges all prior paragraphs of this Complaint.*

79. Defendants restate their responses to each of the foregoing paragraphs of the Complaint as if fully set forth herein.

80. *Minnesota Statutes section 325D.44, subdivision 1 provides in part that:*

*A person engages in a deceptive trade practice when, in the course of business, vocation, or occupation, the person:*

\*\*\*

*(9) advertises goods or services with intent not to sell them as advertised;*

*\*\*\**

*(11) makes false or misleading statements of fact concerning the reasons for, existence of, or amounts of price reductions;*

*\*\*\* or*

*(13) engages in any other conduct which similarly creates a likelihood of confusion or of misunderstanding.*

80. The allegations in Paragraph 80 of the Complaint purport to quote a statute. To the extent that Paragraph 80 is quoting a statute, the language speaks for itself and any attempt to characterize the language is denied.

81. *CenturyLink has repeatedly violated Minnesota Statutes section 325D.44, subdivision 1, by engaging in the deceptive and fraudulent conduct described in this Complaint. CenturyLink's conduct caused a likelihood of confusion or misunderstanding among consumers regarding, among other things, the prices of CenturyLink's internet and television service. CenturyLink has advertised its services with the intent not to sell them at the advertised price because, among other things, CenturyLink has quoted prices to consumers that it later claims are impossible for consumers to receive. CenturyLink has also made false and misleading statements about the reasons for, existence of, and amounts of price reductions it promised to Minnesota consumers but subsequently failed to deliver to those consumers.*

81. Defendants deny the allegations in Paragraph 81 of the Complaint.

82. *Due to the deceptive and fraudulent conduct described in this Complaint, consumers made payments to CenturyLink for goods and services that they otherwise would not have purchased or in amounts that they should not have been required to pay.*

82. Defendants deny the allegations in Paragraph 82 of the Complaint.

83. *Given the representations it made, its special knowledge, and the circumstances described in this Complaint, CenturyLink had a duty to disclose all material facts to potential customers in connection with its marketing and offering of goods and services to Minnesota consumers, including the additional prices and factors that would result in the company not honoring its quoted monthly prices. By not doing so, the company failed to disclose material information in violation of Minnesota Statutes section 325D.44, subdivision I.*

83. Defendants deny the allegations in Paragraph 83 of the Complaint.

84. *CenturyLink's conduct, practices, and actions described in this Complaint constitute multiple, separate violations of Minnesota Statutes section 325D.44.*

84. Defendants deny the allegations in Paragraph 84 of the Complaint.

### **RELIEF**

The State of Minnesota, by its Attorney General, Lori Swanson, respectfully asks this Court to enter judgment against CenturyLink awarding the following relief:

1. *Declaring that CenturyLink's acts described in this Complaint constitute multiple, separate violations of Minnesota Statutes sections 325F.69 and 325D.44;*
2. *Enjoining Defendants and their employees, officers, directors, agents, successors, assignees, affiliates, merged or acquired predecessors, parent or controlling entities, subsidiaries, and all other persons acting in concert or participation with them, from violations of Minnesota Statutes sections 325F.69 and 325D.44;*
3. *Awarding restitution under the parens patriae doctrine, the general equitable powers of this Court, Minnesota Statutes section 8.31, and any other authority for all persons injured by CenturyLink's acts as described in this Complaint;*

4. *Awarding civil penalties pursuant to Minnesota Statutes section 8.31, subdivision 3, for each separate violation of Minnesota Statutes sections 325F.69 and 325D.44;*

5. *Awarding the State of Minnesota its attorneys' fees, litigation costs, and costs of investigation, as authorized by Minnesota Statutes section 8.31, subdivision 3a; and*

6. *Granting such further relief as provided by law or equity, or as the Court deems appropriate and just.*

Paragraphs 1 through 6 of the "Relief" section of the Complaint constitute the State's specific requests for relief, as to which no response is required. Defendants deny that the State or any citizens of Minnesota purportedly represented by the State are entitled to the relief sought in the State's prayer for Relief or to any other relief.

#### **AFFIRMATIVE DEFENSES**

Without assuming the burden of proof as to any defense or issue that would otherwise rest on the State or as to any element of the State's claims, and reserving the right to amend this Answer to assert any additional defenses when, and if, in the course of its investigation, discovery, preparation for trial, or otherwise it becomes appropriate to assert such defenses, Defendants assert the following defenses.

#### **FIRST AFFIRMATIVE DEFENSE**

The Complaint fails to state a valid claim upon which relief can be granted.

#### **SECOND AFFIRMATIVE DEFENSE**

Plaintiff's claims are barred because it has no damages.

#### **THIRD AFFIRMATIVE DEFENSE**

Plaintiff's damages, if any, were not actually or proximately caused by Defendants' conduct.

**THIRD AFFIRMATIVE DEFENSE**

Plaintiff's claims are barred in whole or in part by its failure to mitigate and lessen any alleged damages it may have sustained.

**FOURTH AFFIRMATIVE DEFENSE**

Plaintiff's claims are barred, in whole or in part, by the doctrine of estoppel.

**FIFTH AFFIRMATIVE DEFENSE**

Plaintiff's claims are barred, in whole or in part, by the doctrine of waiver.

**SIXTH AFFIRMATIVE DEFENSE**

Plaintiff's claims are barred, in whole or in part, by the doctrines of acquiescence and ratification.

**SEVENTH AFFIRMATIVE DEFENSE**

Plaintiff's claims are barred, in whole or in part, by the doctrine of laches.

**EIGHTH AFFIRMATIVE DEFENSE**

Plaintiff's claims are barred, in whole or in part, by the voluntary payment doctrine.

**NINTH AFFIRMATIVE DEFENSE**

Plaintiff's claims are barred, in whole or in part, by the statute of limitations.

**TENTH AFFIRMATIVE DEFENSE**

Plaintiff's claims are barred, in whole or in part, because Plaintiff lacks standing.

**ELEVENTH AFFIRMATIVE DEFENSE**

Plaintiff's claims are barred, in whole or in part, because Defendants' performance was excused by the non-occurrence of a condition subsequent.

**TWELFTH AFFIRMATIVE DEFENSE**

Plaintiff's claims are barred, in whole or in part, by the doctrine of accord and satisfaction.

**THIRTEENTH AFFIRMATIVE DEFENSE**

Plaintiff's claims are barred, in whole or in part, because Defendants' disclosures, representations and statements were truthful.

**FOURTEENTH AFFIRMATIVE DEFENSE**

Plaintiff's claims are barred, in whole or in part, because Defendants were not subject to any legal or equitable duty to disclose any alleged omitted facts.

**FIFTEENTH AFFIRMATIVE DEFENSE**

Plaintiff's claims are barred, in whole or in part, by the First Amendment of the United States Constitution.

**SIXTEENTH AFFIRMATIVE DEFENSE**

Plaintiff's claims are barred, in whole or in part, by the doctrine of recoupment.

**SEVENTEENTH AFFIRMATIVE DEFENSE**

Plaintiff's claims are barred, in whole or in part, by the account stated doctrine.

**PRAYER FOR RELIEF**

Defendants respectfully request that the Court:

- (1) Dismiss the Complaint with prejudice in its entirety and/or enter judgment in Defendants' favor and against Plaintiff;
- (2) Grant Defendants their attorneys' fees and costs to the extent recoverable under the law; and
- (3) Award Defendants any other relief the Court deems just and equitable.

**ACKNOWLEDGMENT**

The undersigned hereby acknowledges that costs, disbursements, reasonable attorney and witness fees may be awarded pursuant to Minn. Stat. § 549.211.

Dated: August 24, 2017

s/ David M. Aafedt  
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**NORTH METRO TELECOMMUNICATIONS COMMISSION  
UNAPPROVED OPERATIONS COMMITTEE MEETING NOTES**

Tuesday, September 5, 2017

**CALL TO ORDER**

The meeting began at 10:30 a.m.

**MEMBERS PRESENT**

B. Petracek, D. Buchholtz, J. Karlson, P. Antonen, C. Arneson, D. Krueger

**MEMBERS ABSENT**

D. Larson

**OTHERS PRESENT**

H. Arnson

**APPROVAL OF MEETING NOTES**

The meeting notes of June 6, 2017 were approved by consensus.

**EXECUTIVE DIRECTOR REPORT**

- The Carousel units and Makito X transport system have been installed and commissioned. Staff has been testing the equipment and adjusting settings. The Makito X system was used to transport the Spring Lake Park City Council meeting, live, on the channel. The transport was a success, with some adjustments needed for transcoding the meeting in the proper aspect ratio. Eric Houston has worked with his contacts at each City to create graphics for the Carousel units. Spring Lake Park has been up with their Carousel unit as a test subject. Every City will be switched over the week after Labor Day.
- The lawsuit filed by the Attorney General against CenturyLink was discussed. H. Arnson reported that CenturyLink had filed an Answer to the lawsuit, and that it would be forwarded to the Cities as soon as it is available to staff. Commission Legal Counsel, Mike Bradley drafted a notice of franchise violation, in view of the lawsuit.
- Franchise fee and PEG fee reports for the second quarter of 2017 were reviewed.

**OLD BUSINESS**

No old business was presented.

**NEW BUSINESS**

H. Arnson reported that the new sets would be installed in September.

**ADJOURNMENT**

The meeting was adjourned at 11:27 a.m.



# Minnesota attorney general sues CenturyLink over billing

Lori Swanson takes aim at the company's billing and sales practices.

By Erin Golden (<http://www.startribune.com/erin-golden/274644851/>) Star Tribune  
JULY 13, 2017 — 6:27AM

Minnesota Attorney General Lori Swanson sued CenturyLink on Wednesday as she alleged that the internet, phone and cable television provider frequently billed Minnesota customers at higher rates than its sales agents quoted.

Flanked by Minnesotans who have filed some of the “hundreds” of complaints about charges they say they didn’t agree to, Swanson said she’s asking a judge to impose civil penalties, order the company to change its sales practices and require that CenturyLink pay restitution to customers who were misled about their purchases.

“I want [CenturyLink] to knock it off,” Swanson said. “It is not OK for a company to quote one price and then charge another for something as basic as cable television and internet service. We want an injunction so the company stops doing this to other people, and hopefully fixes the problem for these people as well.”

The lawsuit (<http://stmedia.startribune.com/documents/1century071317complaint.pdf>), filed in Anoka County District Court, accuses Louisiana-based CenturyLink of committing consumer fraud and engaging in deceptive trade practices. It cites 37 specific cases in which people were overbilled by the company and denied the opportunity to reduce those charges — even when they had the original offer in writing.

CenturyLink spokesman Mark Molzen said in a statement that his office has been cooperating with Minnesota’s investigation and has “provided all information requested.”



([http://stmedia.startribune.com/images/ows\\_149991252588629.jpg](http://stmedia.startribune.com/images/ows_149991252588629.jpg))

Minnesota Attorney General Lori Swanson.



"We are disappointed that the Attorney General has chosen a news conference to communicate her concerns instead of contacting CenturyLink directly," he said. "We take these allegations seriously and will review and respond in due course."

Swanson's lawsuit is one of several filed around the country in recent weeks over CenturyLink's business practices. An Arizona woman is suing the company for wrongful termination, alleging she was fired after raising concerns about CenturyLink employees signing up customers for accounts without their permission. Class-action lawsuits were filed in several western states, including California, Colorado, Oregon and Idaho, contending that CenturyLink fraudulently billed customers and then sent those customers to collection agencies.

Swanson said her office has received complaints about other telecommunications companies with particularly "aggressive" sales and business practices in Minnesota. But she said the growing number of calls about CenturyLink helped push the case to the top of her list, and prompted a yearlong investigation by her office.

"This one is top of the pile in terms of the concerns we have about the nature of their conduct and what we're hearing from people," she said.

Swanson said she's particularly concerned about how long some Minnesotans say they've struggled to sort out their billing issues with the company. Often, the back-and-forth with customer service representatives dragged on for months or even years without resolution.

In a news conference Wednesday, Swanson played recordings of some of the phone conversations between customers and CenturyLink representatives who promised deals but later said they couldn't deliver on them.

In one call, Kent Zoya of South St. Paul says he's making his third call of the day to sort out why he was being billed \$37 per month, rather than the \$19.95 monthly rate he'd been quoted. The CenturyLink representative tells Zoya that she knows he was "misquoted" a deal but that the discount didn't need to be honored because "they're a gift from us to you."

Another series of calls has CenturyLink telling Brandon Trampe of Columbia Heights that he'd pay \$14.95 per month for the first 12 months of his new internet contract. When

(http://stmedia.startribune.com/images/08\_1003246991\_08SWANSON022617\_43905246.JPG  
GLEN STUBBE, STAR TRIBUNE

Minnesota Attorney General Lori Swanson, shown in February, said, "Shopping for internet and cable TV service isn't easy if companies

he complained about being billed \$29.95 per month, CenturyLink told Trampe that he'd have to pay \$200 to get out of the contract, even though the company confirmed that he'd been quoted a different price than he was charged.

"You cannot get that price," a CenturyLink representative told Trampe on the recording. "No one at CenturyLink can get you that price."

"OK, well, they did," Trampe replied.

Swanson said her office got the phone recordings by issuing subpoenas to third-party vendors. She said CenturyLink did turn over some e-mails her office requested, but not phone records.

"The cooperation was pretty lackluster in terms of what they gave us," she said.

Internal e-mails the company provided show that staff members were aware of the billing problems. One employee wrote that they received numerous complaints each day and that "maybe 1 out of 5 are quoted correctly or close enough," adding that "I have one today quoted \$39 and its [sic] over \$100 monthly."

Swanson said she's not sure how many Minnesotans have been affected by CenturyLink billing discrepancies or how much customers could seek in restitution, but expects the numbers could be "very, very significant." She said people should be diligent about reading their bills and getting offers in writing, no matter where they get their service.

The lawsuit was filed against several companies affiliated with CenturyLink: CenturyTel Broadband Services LLC, dba CenturyLink Broadband; Qwest Broadband Services Inc., dba CenturyLink; and Qwest Corp., dba CenturyLink QC.

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# How Comcast Is Hooking College Kids on Cable

News Analysis

Mari Silbey, Senior Editor, Cable/Video

8/22/2017

In its annual back-to-school update, Comcast announced this morning that it's now delivering the Xfinity on Campus TV service to more than 100 colleges and universities nationwide, an increase of nearly 60% over 2016.

The IP-based offering gives students access to television on their own computers, mobile devices and -- new this year -- Roku players. The service includes 80 live TV networks, "tens of thousands" of on-demand titles and a cloud DVR feature. New colleges and universities to the service include Florida State University, Penn State's University Park and UMass Lowell, among many others.

Key to the appeal of Xfinity on Campus is the fact that it's completely free to students at participating schools. Comcast won't comment on any specifics of the deals it makes with colleges to offer the service, but buying broadband is *not* one of the requirements for service delivery. Instead, Comcast Corp. (Nasdaq: CMCSA, CMCSK) relies on its own local metro Ethernet infrastructure to deliver TV service up to campus borders, and then on the closed network environment of a school to protect access to premium television content.

This approach makes Xfinity on Campus look like an over-the-top television experience, but in reality it's a managed IP video service made possible by the built-in boundaries of a college communications network.

Since its commercial launch in 2014, Xfinity on Campus has been mostly overlooked in the Comcast portfolio. But with the growth of the service in mind, and Comcast's broader IPTV ambitions, Xfinity on Campus deserves closer consideration. Today the service exists more or less in a vacuum. Students subscribe while in school, but abandon access at graduation. However, in the future, Comcast could (and presumably will) engineer some continuity between the campus experience and Xfinity TV services available in the "real world."

The most obvious connection point between Xfinity on Campus and a publicly available Comcast subscription is the upcoming Xfinity Instant TV service. Instant TV is a repackaging of Comcast's Stream service, which in turn was its own offshoot of sorts of Xfinity on Campus. It's entirely delivered over IP and offers subscribers a lower-cost alternative to the traditional cable bundle. Comcast has said it will launch Xfinity Instant

TV in the third quarter, providing a skinny bundle of channels and a cloud DVR feature for somewhere between \$15 and \$40 per month. (See Comcast Lines Up Fall Launch for 'Instant TV'.)

Although Comcast doesn't have a national footprint for TV delivery, it could still entice Xfinity on Campus users to migrate to Instant TV after graduation in the regions where service is available. A low-cost option is tailor-made for recent grads, and Comcast has already said it plans to focus its Instant TV marketing efforts on a younger demographic. If Comcast can work out the billing logistics to make a transition from Xfinity on Campus to Instant TV service relatively seamless, Xfinity on Campus schools could prove a particularly valuable sales channel for Comcast video services.

# Comcast raises sports and TV fees again, says it's about "transparency"

Charges fees even in areas where Comcast owns local sports networks.

JON BRODKIN - 9/12/2017, 10:11 AM

Comcast TV customers in Oregon will soon have to pay \$14.50 each month for the controversial "Broadcast TV" and "Regional Sports Network" fees. Currently, the two fees combined cost customers \$11 a month but will rise by \$3.50 starting October 1, *The Oregonian* reported yesterday.

Comcast is also raising its modem rental fee from \$10 to \$11 a month, the article said.

These fees are in addition to Comcast's advertised rates and are the subject of a proposed class-action lawsuit filed in October 2016. Comcast uses these fees "to secretly and repeatedly increase the monthly price it charges for its channel packages despite its promise to charge a flat rate for one or two years," the lawsuit said. The lawsuit also claimed that "Comcast staff and agents explicitly lie by stating that the Broadcast TV Fee and the Regional Sports Fee are government-related fees or taxes over which Comcast has no control."

A Comcast motion to dismiss the case was rejected by a federal judge last month. Separately, cable regulators in four Oregon communities recently asked the state attorney general to investigate Comcast's use of fees not included in advertised monthly rates. But in the meantime, Comcast continues to raise the fees. In Oregon, the broadcast TV fee is changing from \$6.50 to \$8 and the sports fee is rising from \$4.50 to \$6.50.

Comcast "transparency"

Basically, Comcast says the fees are necessary to cover the rising cost of programming contracts with broadcasters and regional sports networks. Cable companies have to pay retransmission consent fees to carry broadcast channels, even though TV viewers could watch the channels for free with an antenna.

Comcast owns many of the regional sports networks itself and thus is often the one setting the price that other cable TV companies must pay to carry sports channels. Comcast charges its home customers the sports network fee even in areas where it owns the local sports networks.

The sports and broadcast fees "allow us to be more transparent with our customers about the factors driving price changes, and represent only a portion of our costs of carrying broadcast and regional sports networks," a Comcast spokesperson told *The Oregonian*.

But Comcast customers already pay for broadcast TV and sports channels as part of their regular monthly rates. By implementing these fees, Comcast is able to charge customers more than the advertised price and then raise customers' prices above the agreed-upon rates before each customer's contract expires.

Comcast's Broadcast TV fee was introduced in 2014, initially as \$1.50 a month, and the Regional Sports Network fee was added in 2015 at \$1 a month. The fees have risen quickly, though the increases are staggered by location, resulting in customers in one city often paying a different price than customers in other cities.

In December 2016, Comcast notified customers in several cities that the Broadcast TV fee was moving from \$5 a month to \$7 a month, and the Regional Sports Network fee was rising from \$3 a month to \$5 a month. The total price of \$12 a month at that time didn't make it everywhere, as seen in Oregon, where the fees are currently \$11 and rising to \$14.50.

We asked Comcast today whether \$14.50 will be the new standard amount nationwide and will update this story if we get a response.

Comcast's "starter" Internet-and-TV package has an introductory rate of \$90 a month but actually costs \$111 a month including the sports and broadcast fees and a \$10 monthly modem rental, *The Oregonian* story said. With the modem rental also rising to \$11 a month, the total cost for this package will go up to \$115.50, the article said. Customers can avoid the modem rental fee by purchasing their own modems.

**UPDATE:** Comcast told Ars that it hasn't announced nationwide pricing for 2018 yet. "Oregon is one of a few markets that historically has price changes in October," Comcast said.

"We continue to make investments in our network and technology to give customers more for their money—like faster Internet service and more WiFi hotspots, more video across viewing screens, better technology like X1 and a better customer experience," Comcast also said.

"Unfortunately, the costs we are charged to carry popular networks continue to increase significantly—especially broadcast television and sports programming, which are the largest drivers of increases in price adjustments."

# The TV-streaming paradox: Why you may miss the cable bundle

Originally published August 11, 2017 at 8:37 am Updated August 11, 2017 at 7:27 pm

By

TALI ARBEL

The Associated Press

NEW YORK (AP) — The future of TV may well be a mishmash of streaming services that could rival the cost of a \$100 cable bundle — but that are way more difficult to use.

Disney's plan for two new streaming services (and possibly more) is just the latest sign that everyone is jumping into the streaming business. It intends to launch a kids-oriented movie and TV streaming service in 2019 that will pull Disney and Pixar films from Netflix, as well as an ESPN sidekick service (minus pro football and basketball) expected early next year. The company is even exploring the possibility of separate streaming services for its Star Wars and Marvel superhero films.

All of that will simply add to a cacophony of existing Netflix-style video services that let you watch what you want, when you want. More are probably on their way, as entertainment companies see profits in controlling not only the creation of their films and shows, but also their distribution.

The downside? Potentially bigger bills, and more work for people who just want to find something to watch. "Ultimately for consumers, it means that experience is dreadful," says Paolo Pescatore, a vice president with research firm CCS Insight.

## PROBLEM ONE: FINDING STUFF TO WATCH

New Yorker David Berkowitz still pays for cable, streams from Netflix and Amazon, and sometimes buys individual movies from Amazon; his three-year-old daughter already watches "Finding Dory" and "Finding Nemo" on two separate services. The prospect of a new Disney-only service isn't reassuring. "Having a third thing in the mix seems like a lot to juggle," he says.

To find stuff to watch, Berkowitz's family uses a Roku box attached to their TV, which suggests streaming channels the family may like and lets them search for the shows and movies he wants to watch. There are also websites to guide streamers, like [justwatch.com](http://justwatch.com).

That's fine if you know what you're looking for. But the modern-day channel surfer has it much harder. "There's going to be a proliferation of niche content," says Colin Petrie-



Norris, CEO of Xumo, a streaming-channel provider for smart TVs. “The way for it to be managed, findable for a user — that has not emerged yet.”

## PROBLEM TWO: PAYING THE PRICE

People quit cable because they can’t justify a \$100-and-always-climbing monthly payment, especially with so much good stuff on cheaper services. But the cost of multiple streaming services adds up, too.

## ADVERTISING

A \$30 TV antenna gets you local channels — CBS, NBC, ABC, Fox, PBS, Univision — for free, though you have to watch whatever’s on at the moment unless you have a DVR. If you want to see the edgy shows everyone talks about, then Netflix is, for most, \$10 a month; Amazon is \$8.25 a month if you sign up for a year. Hulu starts at \$8. HBO Now, \$15.

Tickled by ads for a specific network show? “The Sinner,” an eerie-looking new Jessica Biel vehicle on USA, costs \$20 on Amazon for the season. All that together is already more than \$60 a month. It’s even worse if you’re a sports fan. MLB.TV is \$113 for the year, and you won’t get hometown games.

Berkowitz says he’s curious about the Disney service, especially since he expects to save money by cutting cable. “For us, if it’s \$5 a month it’ll almost be like that impulse buy, go to a store and pick up a candy bar,” he says.

Disney hasn’t settled on prices yet, saying only it wants an affordable service that’s broadly appealing. Its DisneyLife streaming video app in the U.K. launched at 10 pounds a month in November 2015 and now costs half that — about \$6.50.

Of course, Disney might still bundle Marvel movies and the Star Wars franchise into its service, which would help it appeal to a wider demographic. For kid’s programming, there’s already a lot out there. Much of it is free.

Darcy Hansen, a communications consultant and stay-at-home mom in the Dallas suburbs, has two kids under age 5 whose favorite show — “Sheriff Callie’s Wild West” — is a Disney series on Hulu. But a Disney app isn’t a must-have for her.

Her kids already watch “all sorts of things” on YouTube and on the free PBS Kids app, and they have Netflix too, Hansen says. “I don’t think Disney has a monopoly on children’s programming, in our house at least.”

TALI ARBEL

**The New York Times** <https://nyti.ms/2vVCsKe>

TECHNOLOGY

# The Messy, Confusing Future of TV? It's Here

The Shift

By KEVIN ROOSE    AUG. 13, 2017

If you're like me and the millions of other Americans who have canceled a cable television subscription over the past few years, you're probably familiar with the phenomenon I've started calling "the hunt."

It goes like this: First, you decide to watch one of your favorite shows — HGTV's "Fixer Upper," in my case. You plop down on your couch, turn on your TV and boot up your streaming device. Then you shuffle from app to app, trying to remember which of your half-dozen streaming services has the program. Was it Netflix? Hmm, no. HBO Go? Nope. Hulu Plus? It has the first three seasons, which you've already seen, but not the fourth.

You finally find the fourth season on Amazon, but it's not included free with Prime Video. It costs \$2.99 per episode. The hunt ends with a whimper: You sigh, suck it up (those kitchens aren't going to renovate themselves), and fork

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What happened to the glorious, consumer-friendly future of TV? We were told that the internet would usher in a golden era of streaming video, and that incredible shows and movies would be a click away through low-cost, easy-to-use services. The \$100-a-month Time Warner cable packages that required navigating a byzantine menu of third-rate channels would be a distant nightmare.

Instead, we've rushed headlong into a hyper-fragmented mess, with a jumble of on-demand services that, added up, cost more and often offer less than the old cable bundle. There are lots of great shows and movies being made, but finding them has become harder than ever.

I felt another twinge of cable nostalgia last week, when both Disney and Facebook — very different companies, but united in their desire for your attention — announced big steps in their next-generation video strategies.

Disney, which controls some of the world's most valuable TV and film franchises, shook Hollywood last week by announcing that it was ending its distribution deal with Netflix and starting two new stand-alone streaming services. One, an ESPN-branded streaming sports service, will be available early next year, while the other, focusing on Disney movies and shows, will go live in 2019.

A day later, Facebook announced Watch, a tab inside the main Facebook app that will soon host a slate of professionally produced video series. The company says people will be able to enjoy premium fare like "Returning the Favor," starring the "Dirty Jobs" host Mike Rowe; a reality show about tiny houses; and "Bae or Bail," which Facebook describes thusly: "Unsuspecting couples put their relationship and wits to the test as they're thrown into terrifying scenarios."

Disney, which has built an enormously profitable business that includes movie ticket sales and cable revenue from ESPN, is betting that a significant

Netflix, Hulu and Amazon Prime subscriptions.

On the other hand, Facebook — which makes its money from advertising — is giving its shows away free. Their theory is that the more time Facebook users spend watching video, the more ads they'll see. Facebook doesn't have a huge library of popular content like Disney, but it does have a treasure trove of data about the personal tastes and preferences of its more than two billion registered users, and presumably plans to use that data to target ads at exactly the people companies want to reach.

More than \$70 billion per year is spent on traditional television advertisements, and as that pile of money shifts to digital video, Facebook presumably wants to make sure a hefty chunk ends up in its own pockets. It also very likely wants to replace YouTube as the home for amateur creators who might not produce professional-quality shows, but still have large and loyal audiences.

On the surface, these seem like very different strategies — selling premium video to an existing audience of fans, versus giving away premium video in an effort to sell hyper-targeted ads and attract a network of amateurs. But they're both part of the same seismic change. As the decline of traditional TV creates a gold rush for ad dollars and consumer attention, every tech and media company seems to be heading to the mine, pickax in hand.

Consumers, meanwhile, are forced to contend with (and often pay for) an ever-expanding group of services. There are already Netflix and Hulu, single-company services like CBS All Access, and "skinny bundles" such as PlayStation Vue and Sling TV, not to mention the endless amateur video available from Facebook, Twitter and YouTube.

To navigate all of this, a few third-party services have popped up to replace the TV Guides of old — like Can I Stream It?, a search engine that will tell you which streaming platform hosts your favorite show — but there's no

watching, but finding the right videos may still take digging.

“One of the barriers to entry for the consumer right now is simply confusion,” said Paul Verna, the principal video analyst at eMarketer, a media research firm. “The more of these services that are out there, the harder it’s going to get for people to make rational, informed decisions about what to subscribe to.”

A reason for all this chaos is that cord-cutting is accelerating faster than media executives expected. Last quarter, nearly a million Americans dropped their pay-TV subscriptions, according to an estimate from Craig Moffett, a media analyst with MoffettNathanson. (Netflix added roughly that many new subscribers in the United States in the same time.) Young people, a group particularly coveted by advertisers, are moving away from TV especially quickly. The amount of time people under 35 spend watching traditional TV has been cut in half since 2010, according to Matthew Ball, the head of strategy at Amazon Studios.

Numbers like these have created an industrywide panic and set off dozens of efforts to replace the revenue seeping out of the old cable model. Disney’s streaming service won’t be the last of its kind; pretty soon, you’ll be forced to choose from an overwhelming menu of streaming apps and services, each of which will have its own price tag, interface and ever-changing libraries of shows and movies.

An enterprising entrepreneur might someday be tempted to package some of these new services and sell them for a single price, essentially remaking the old cable bundle for the internet. But industry experts say that such cooperation between the industry’s giants is unlikely, given the enormous sums at stake.

“There’s no chance of that happening,” said Dan Rayburn, who analyzes streaming media for Frost & Sullivan. “Companies will do what’s best for their bottom line.”

executive of Simulmedia, a marketing technology company. “No one is sitting back and saying, ‘What’s the perfect way the consumer wants to come at this?’ Everyone is arming up.”

In other words, the hunt will only get harder.

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