

NORTH METRO TELECOMMUNICATIONS COMMISSION MEETING

November 20, 2019

6:00 p.m.

SPRING LAKE PARK CITY OFFICES

1301 81ST Avenue NE

AGENDA

1. Call to Order/Roll Call
2. Public Comments
3. Approval of the Agenda
4. Consent Agenda **pp. 1-22**
 - A. Minutes of regular meeting of September 18, 2019
 - B. September and October financial reports and bill lists
 - C. Minutes of Operations Committee meetings of October 1, 2019 and November 5, 2019
 - D. Minutes of Executive Committee meeting of October 2, 2019
5. Executive Director Report **pp. 23-30**
 - A. Monthly Update
6. Legal Counsel Report
 - A. Monthly Update
7. Old Business **p. 31**
 - A. Comcast Franchise and PEG Fee Report Update **pp. 32-58**
 - B. Cable Franchising Order and Coalition Appeal **p. 59**
8. New Business
 - A. Election of Commission Secretary
 - B. 2020 Meeting Schedule **p. 60**
9. Recommended Reading **pp. 61-74**
10. Community Calendar
 - A. Next Meeting Dates:
 - a. Operations Committee – December 3, 2019
 - b. Executive Committee – December 4, 2019
 - c. Cable Commission – December 18, 2019
11. Adjournment

NORTH METRO TELECOMMUNICATIONS COMMISSION

UNAPPROVED MINUTES

Commission Meeting – September 18, 2019

CALL TO ORDER

Vice Chair D. Swanson 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, Matt Montain; Centerville, Mike Murphy; Lexington, Mike Schweigert; Circle Pines

Directors Absent: Brian Kirkham; Ham Lake, Dale Stoesz; Lino Lakes,

Others Present: Heidi Arnson; Executive Director, Mike Bradley; Legal Counsel

PUBLIC COMMENT

There was no public comment.

APPROVAL OF THE AGENDA

The September 18, 2019 North Metro Telecommunications Committee meeting agenda was approved as presented. **Motion for approval made by M. Montain. Second, M. Murphy. Motion passed unanimously.**

CONSENT AGENDA

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

The June 19, 2019 NMTC meeting minutes, the September 4, 2019 Executive Committee meeting minutes, the September 3, 2019 Operations Committee meeting minutes, and the June, July, and August bill lists and financial reports were approved as presented. **Motion for approval made by M. Murphy. Second, M. Montain. Motion passed unanimously.**

REPORT OF EXECUTIVE DIRECTOR

H. Arnson reported on the following items:

- Sports programming including Coach & Captains, Sports Den and live high school game coverage has begun.

- Election productions are underway. Candidate forums and one-on-one "Meet the Candidate" shows are being produced for the Lino Lakes and Circle Pines Mayoral and City Council races, the Anoka County Board District 6 seat, and the Anoka Hennepin and Spring Lake Park school board races.
- Two new classes have been added to the traveling lecture series. They are "We Love Lucy: The Life and Career of Lucille Ball" and "Australian Cinema." The classes remain popular at local senior centers, libraries, Park and Rec programs, and the History Center. Venues outside of the Member Cities have started to inquire after the lectures. Staff is developing a fee structure for doing so.
- NMTV channels are currently available on Roku and AppleTV via the Cablecast Screenweave app. A direct NMTV app is in development. It will be easier and more intuitive to find the local channels with a direct NMTV app.
- The city channel is now available on Comcast in HD. Subscribers with HD equipment can find the channel on 799. SD subscribers will still be able to watch the city channel on channel 16.

REPORT OF LEGAL COUNSEL

M. Bradley reported on the following items:

- Legal Counsel has presented information regarding cable franchising and public policy at the state and local level at the MACTA and ACM annual conferences. He will also be attending and presenting at the annual NATOA conference.
- Reply Comments have been filed regarding the FCC OTARD (over-the-air reception devices) ruling. The ruling preempts restrictions on the placement of these devices, by state and local governments, homeowners associations, multifamily building owners and anyone else.
- Comments have been submitted regarding music licensing with the US Department of Justice, in their Antitrust Consent Decree Review of ASCAP and BMI Docket. Decisions could affect local government's ability to license music for public places, phone systems, park and rec areas, and reception areas for a reasonable price.
- The Small Cell FCC Order appeal remains at the 9th Circuit.
- A new docket at the FCC is open regarding wireless facilities. There is a request to allow modification of small cell facilities without local approval.

OLD BUSINESS

The following old business was presented:

- The Cable Commission participated in a review of CenturyLink franchise fees payable in the years 2016 and 2017. The review identified an alleged underpayment of fees for those years. A franchise fee settlement agreement has been reached with CenturyLink. They have agreed to pay the Cable Commission \$18,613.82 in underpaid franchise fees.

MOTION: To approve the Franchise Fee Settlement Agreement with CenturyLink as presented. **Motion made by D. Swanson. Second, M. Murphy. Motion approved.**

- The FCC released the Third Report and Order in its cable franchising docket on August 2nd. It was published in the Federal Register on August 26th and will become effective on September 26th. The ruling allows cable companies to deduct the market value of in-kind considerations, such as the I-Net, from franchise fees. Legal Counsel is working with other municipal attorneys to form a coalition of franchising authorities to appeal the Order to a Federal Court of Appeals, and to seek a stay of the Order, pending the outcome of the appeal. The cost to the Commission for participating in the appeal is \$15,000. M. Bradley stated that this is the most seriously damaging Order for local governments coming from the FCC that he has seen, and that it is extremely important that franchising authorities appeal the decision.

MOTION: To participate in the appeal of the FCC's Third Report and Order in its cable franchising docket, at a cost of \$15,000. **Motion made by D. Swanson. Second, M. Murphy. Motion approved.**

NEW BUSINESS

- In 2018, the Commission, along with several other local franchising authorities in the area, engaged the financial consulting firm of Ashpaugh & Sculco to conduct a franchise fee and PEG fee review of Comcast for the period covering January 1, 2015 to March 31, 2018. The resulting report concludes that Comcast has underpaid the Commission a total of \$185,165 in franchise fee and PEG fee payments, including interest. Next steps were considered.

MOTION: To authorize staff to share the Ashpaugh & Sculco report with Comcast, and to request that Comcast respond to the report before the scheduled October Operations Committee and Executive Committee meetings.. **Motion made by M. Murphy. Second, M. Montain. Motion approved.**

COMMUNITY CALENDAR

Upcoming meetings include:

1. The Operations Committee on October 1, 2019
2. The Executive Committee on October 2, 2019
3. The Cable Commission on October 16, 2019

ADJOURN

The meeting was adjourned at 6:22 p.m. **The motion to adjourn was made by M. Montain. Second, M. Murphy. Motion approved.**

The next meeting of the NMTC will be held on **Wednesday, October 16, 2019 at 6:00 p.m.** at the city offices of Spring Lake Park.

Dale Stoesz; Chair, NMTC

**NORTH METRO TELECOMMUNICATION
BILL LIST**

SEPTEMBER 2019

| Date | Check # | Payee | Amount | |
|------------------|----------------|------------------------------|------------------|---|
| SEPTEMBER | COMBINED | PAYROLL | 42,546.59 | WAGES |
| SEPTEMBER | COMBINED | IRS/US PAYABLE | 13,510.23 | WAGES |
| SEPTEMBER | COMBINED | MN REVENUE PAYABLE | 2,322.75 | WAGES |
| SEPTEMBER | COMBINED | PERA PAYABLE | 7,384.56 | WAGES |
| SEPTEMBER | COMBINED | PEACHTREE | 44.20 | MONTHLY SERVICE |
| SEPTEMBER | COMBINED | DISCOVERY BENEFITS | 962.50 | HEALTH SAVINGS EMPLOYEE |
| 13558 | 9/2/19 | Richard D. Larson | 395.00 | JANITORIAL/MAINTENANCE |
| 13559 | 9/2/19 | Rick Larson | 10.48 | EXPENSES |
| 13560 | 9/12/19 | Danika Peterson | 109.03 | EXPENSES |
| 13561 | 9/12/19 | Terry Tronson | 243.84 | EXPENSES |
| 13562 | 9/12/19 | Bradley Law, LLC | 5,931.25 | LEGAL-GENERAL |
| 13563 | 9/12/19 | Falcon Prince Inc. | 715.00 | ADVERTISING/MARKETING |
| 13564 | 9/12/19 | Corporate Mechanical | 992.04 | BUILDING MAINTENANCE |
| 13565 | 9/12/19 | Coastal Wintergreen LLC | 1,090.00 | BUILDING MAINTENANCE |
| 13566 | 9/12/19 | B Harris, Inc. | 875.00 | PHONE SUPPORT |
| 13567 | 9/16/19 | Jeremy Millington | 59.08 | EXPENSES |
| 13568 | 9/16/19 | Nathan Mains | 525.00 | STIPEND |
| 13569 | 9/16/19 | Ian Sanchez | 500.00 | STIPEND |
| EFILE | 9/1/19 | Authorize.Net | 26.20 | MONTHLY SERVICE |
| EFILE | 9/9/19 | Chase Visa Card Services | 3,137.58 | OS/SFTWR/TECH/STUDIO/MEDIA/VIDEO |
| EFILE | 9/1/19 | Virtual Merchant Credit Card | 10.00 | MONTHLY SERVICE |
| EPAY-01 | 9/1/19 | Principal Financial Group | 487.85 | STD/LTD/LIFE/ADD |
| EPAY-02 | 9/2/19 | POPP TELECOM | 213.59 | MONTHLY SERVICE |
| EPAY-03 | 9/3/19 | Comcast | 288.06 | MONTHLY SERVICE |
| EPAY-04 | 9/3/19 | T-Mobile | 102.16 | MONTHLY SERVICE |
| EPAY-05 | 9/4/19 | Speedway | 76.96 | GAS/OIL |
| EPAY-06 | 9/7/19 | Holiday Station Stores | 99.00 | GAS/OIL |
| EPAY-07 | 9/12/19 | AT&T Wireless | 430.72 | MONTHLY SERVICE |
| EPAY-08 | 9/14/19 | Republic Services | 165.31 | MONTHLY SERVICE |
| EPAY-09 | 9/15/19 | CenterPoint Energy | 24.63 | MONTHLY SERVICE |
| EPAY-10 | 9/15/19 | Comcast Business 200M/200M | 762.13 | MONTHLY SERVICE |
| EPAY-11 | 9/15/19 | U.S. Bank Card Service | 832.21 | SPMTG/TECH/POSTAGE/TRUCK/ADV |
| EPAY-12 | 9/22/19 | HealthPartners | 11,876.04 | HEALTH/DENTAL |
| EPAY-13 | 9/26/19 | City of Blaine-utilities | 141.96 | MONTHLY SERVICE |
| EPAY-14 | 9/26/19 | Connexus Energy | 2,193.78 | MONTHLY SERVICE |
| AUGUST SALES TAX | 9/11/19 | MN Dept. of Revenue | 7.00 | SALES TAX |
| | | | 99,091.73 | |

North Metro Telecommunications Commission

Balance Sheet September 30, 2019

ASSETS

Current Assets

| | | |
|--------------------------|----|--------------|
| Cash - Checking Account | \$ | 2,339,870.71 |
| Petty Cash | | 150.00 |
| A/R - NMTC | | 198,975.72 |
| Prepaid Insurance - NMTC | | 11,811.46 |

Total Current Assets 2,550,807.89

Property and Equipment

| | |
|-------------------------|----------------|
| Office Equipment - NMTC | 1,309,645.37 |
| Accum Deprec - NMTC | (2,293,498.14) |
| Bond Equipment 2016 | 1,985,000.00 |
| Building-Polk/125 | 1,572,799.17 |
| Land-Polk/125 | 225,700.00 |

Total Property and Equipment 2,799,646.40

Other Assets

| | |
|------------------------------|-----------|
| Deferred Out Related/Pension | 94,521.00 |
|------------------------------|-----------|

Total Other Assets 94,521.00

Total Assets \$ 5,444,975.29

LIABILITIES AND CAPITAL

Current Liabilities

| | | |
|--------------------------------|----|------------|
| A/P - NMTC | \$ | 10,516.25 |
| Accrued Payroll Taxes & W/H's | | 449.54 |
| PERA - CORRECTIONS | | 310.09 |
| Garnished Wages | | 86.40 |
| Garnished Wages | | (86.40) |
| PERA PAYABLE - PRIOR | | (3,371.42) |
| Accrued Vacation | | 86,176.96 |
| Accrued Wages | | 24,640.40 |
| Franchise Fee App | | 935,484.87 |
| Due to City of Blaine | | 659,785.00 |
| Due to City of Centerville | | 40,915.00 |
| Due to City of Circle Pines | | 58,677.00 |
| Due to City of Ham Lake | | 171,010.00 |
| Due to City of Lexington | | 21,927.00 |
| Due to City of Lino Lakes | | 202,125.00 |
| Due to City of Spring Lake Par | | 70,560.00 |
| Deferred In Related/Pension | | 148,635.00 |

Total Current Liabilities 2,427,840.69

Long-Term Liabilities

| | |
|-----------------------|------------|
| Net Pension Liability | 543,664.00 |
|-----------------------|------------|

Total Long-Term Liabilities 543,664.00

Total Liabilities 2,971,504.69

Capital

| | |
|------------------------|--------------|
| Net Equity | 431,408.74 |
| Net Equity - Media Ctr | (206,243.34) |
| Net Equity - NMTC | 2,517,656.37 |
| Net Income | (269,351.17) |

Total Capital 2,473,470.60

Total Liabilities & Capital \$ 5,444,975.29

North Metro Telecommunications Comm

Cash Receipts Journal

For the Period From Sep 1, 2019 to Sep 30, 2019

| Date | Transaction Ref | Line Description | Debit Amnt | Credit Amnt |
|---------|----------------------|--|-----------------|-----------------|
| 9/9/19 | TAPE DUBS-CASH | TAPE DUBS-CASH Miscellaneous receipts | 333.00 | 333.00 |
| 9/9/19 | TAPE DUBS-CHECKS | TAPE DUBS-CHECKS Miscellaneous receipts | 1,613.00 | 1,613.00 |
| 9/9/19 | COMMERCIAL PROD | COMMERCIAL PRODUCTION - 1/2 DEPOSIT Miscellaneous receipts | 552.50 | 552.50 |
| 9/27/19 | SEPT CC SALES-SQUARE | SEPTEMBER CREDIT CARD SALES-SQUARE SEPTEMBER CREDIT CARD SALES-SQUARE-FEES Credit Card Sales | 21.76 828.24 | 850.00 |
| 9/28/19 | SEPT CC SALES-AUTH | SEPTEMBER CREDIT CARD SALES-AUTHORIZE.NET SEPTEMBER CREDIT CARD SALES-AUTHORIZE.NET-FEES Credit Card Sales | 1.16 38.84 | 40.00 |
| 9/29/19 | INTEREST | INTEREST-COMMISSION CHECKING INTEREST - COMMISSION | 3,603.23 | 3,603.23 |
| | | | <u>6,991.73</u> | <u>6,991.73</u> |

North Metro Telecommunications Comm

Check Register

For the Period From Sep 1, 2019 to Sep 30, 2019

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

| Check # | Date | Payee | Amount |
|------------------|---------|------------------------------|----------|
| EFILE | 9/1/19 | Discovery Benefits | 22.50 |
| EFILE | 9/1/19 | Authorize.Net | 26.20 |
| EFILE | 9/1/19 | Virtual Merchant Credit Card | 10.00 |
| EPAY-01 | 9/1/19 | Principal Financial Group | 487.85 |
| 13558 | 9/2/19 | Richard D. Larson | 395.00 |
| EPAY-02 | 9/2/19 | POPP TELECOM | 213.59 |
| 13559 | 9/2/19 | Rick Larson | 10.48 |
| EPAY-03 | 9/3/19 | Comcast | 288.06 |
| EPAY-04 | 9/3/19 | T-Mobile | 102.16 |
| EPAY-05 | 9/4/19 | Speedway | 76.96 |
| EPAY-06 | 9/7/19 | Holiday Station Stores | 99.00 |
| EFILE | 9/9/19 | Chase Visa Card Services | 3,137.58 |
| AUGUST SALES TAX | 9/11/19 | MN Dept. of Revenue | 7.00 |
| EFILE | 9/11/19 | Discovery Benefits | 470.00 |
| EPAY-07 | 9/12/19 | AT&T Wireless | 430.72 |
| 13560 | 9/12/19 | Danika Peterson | 109.03 |
| 13561 | 9/12/19 | Terry Tronson | 243.84 |
| 13562 | 9/12/19 | Bradley Law, LLC | 5,931.25 |
| 13563 | 9/12/19 | Falcon Prince Inc. | 715.00 |
| 13564 | 9/12/19 | Corporate Mechanical | 992.04 |
| 13565 | 9/12/19 | Coastal Wintergreen LLC | 1,090.00 |
| 13566 | 9/12/19 | B Harris, Inc. | 875.00 |
| EFILE | 9/13/19 | Peachtree/Sage Software | 22.10 |
| EFILE | 9/13/19 | MN Dept. of Revenue | 1,114.93 |
| EFILE | 9/13/19 | Public Employees Retirement | 3,562.42 |
| EFILE | 9/13/19 | IRS/US BANK | 6,030.57 |
| EPAY-08 | 9/14/19 | Republic Services | 165.31 |
| EPAY-09 | 9/15/19 | CenterPoint Energy | 24.63 |
| EPAY-10 | 9/15/19 | Comcast Business 100M/100M | 762.13 |

North Metro Telecommunications Comm

Check Register

For the Period From Sep 1, 2019 to Sep 30, 2019

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

| Check # | Date | Payee | Amount |
|--------------|---------|-----------------------------|------------------|
| EPAY-11 | 9/15/19 | U.S. Bank Card Service | 832.21 |
| 13567 | 9/16/19 | Jeremy Millington | 59.08 |
| 13568 | 9/16/19 | Nathan Mains | 525.00 |
| 13569 | 9/16/19 | Ian Sanchez | 500.00 |
| EPAY-12 | 9/22/19 | HealthPartners | 11,876.04 |
| EFILE | 9/25/19 | Discovery Benefits | 470.00 |
| EPAY-13 | 9/26/19 | City of Blaine-utilities | 141.96 |
| EPAY-14 | 9/26/19 | Connexus Energy | 2,193.78 |
| EFILE | 9/27/19 | Peachtree/Sage Software | 22.10 |
| EFILE | 9/27/19 | MN Dept. of Revenue | 1,114.93 |
| EFILE | 9/27/19 | Public Employees Retirement | 3,562.42 |
| EFILE | 9/27/19 | IRS/US BANK | 6,030.57 |
| EFILE | 9/30/19 | Public Employees Retirement | 259.72 |
| EFILE | 9/30/19 | MN Dept. of Revenue | 92.89 |
| EFILE | 9/30/19 | IRS/US BANK | 1,449.09 |
| Total | | | 56,545.14 |

North Metro Telecommunications Comm

General Journal

For the Period From Sep 1, 2019 to Sep 30, 2019

| Date | Reference | Trans Description | Debit Amt | Credit Amt |
|---------|----------------------|--|-------------------|-------------------|
| 9/1/19 | ACCRUED VAC/COM/SICK | ACCRUED VAC/COMP/SICK ACCRUED VAC/COMP/SICK | 83,515.58 | 83,515.58 |
| 9/1/19 | ACCRUED WAGES | ACCRUED WAGES ACCRUED WAGES | 12,549.60 | 12,549.60 |
| 9/28/19 | ACCRUED VAC/COM/SICK | ACCRUED VAC/COMP/SICK ACCRUED VAC/COMP/SICK | 86,176.96 | 86,176.96 |
| 9/29/19 | ACCRUED WAGES | ACCRUED WAGES ACCRUED WAGES | 14,997.60 | 14,997.60 |
| 9/30/19 | ACCRUED DEPRECIATION | ACCRUED DEPRECIATION ACCRUED DEPRECIATION | 12,900.00 | 12,900.00 |
| | Total | | 210,139.74 | 210,139.74 |

**NORTH METRO TELECOMMUNICATION
BILL LIST**

OCTOBER 2019

| Date | Check # | Payee | Amount | |
|---------------------|----------------|----------------------------------|---------------|---|
| OCTOBER | COMBINED | PAYROLL | 44,210.67 | WAGES |
| OCTOBER | COMBINED | IRS/US PAYABLE | 13,904.99 | WAGES |
| OCTOBER | COMBINED | MN REVENUE PAYABLE | 2,362.68 | WAGES |
| OCTOBER | COMBINED | PERA PAYABLE | 7,487.68 | WAGES |
| OCTOBER | COMBINED | PEACHTREE | 45.90 | MONTHLY SERVICE |
| OCTOBER | COMBINED | DISCOVERY BENEFITS | 962.50 | HEALTH SAVINGS EMPLOYEE |
| 13570 | 10/1/19 | Colin DM Brookfield | 500.00 | STIPEND |
| 13571 | 10/1/19 | Rusty S. Ray | 42.46 | EXPENSES |
| 13572 | 10/1/19 | Matt Montain | 135.00 | PER DIEM |
| 13573 | 10/1/19 | Mike Schweigert | 135.00 | PER DIEM |
| 13574 | 10/1/19 | Brian Kirkham | 135.00 | PER DIEM |
| 13575 | 10/1/19 | Dale K. Stoesz | 135.00 | PER DIEM |
| 13576 | 10/1/19 | Michael A. Murphy | 135.00 | PER DIEM |
| 13577 | 10/1/19 | Richard D. Larson | 316.00 | BUILDING MAINTENANCE |
| 13578 | 10/1/19 | B Harris, Inc. | 435.00 | PHONE SUPPORT |
| 13579 | 10/1/19 | Corporate Mechanical | 598.84 | BUILDING MAINTENANCE |
| 13580 | 10/6/19 | Ashpaugh & Sculco, CPA, PLC | 6,000.00 | CONSULTANT |
| 13581 | 10/4/19 | Bradley Law, LLC | 6,987.50 | LEGAL-GENERAL |
| 13582 | 10/7/19 | Coastal Wintergreen LLC | 1,060.00 | BUILDING MAINTENANCE |
| 13584 | 10/15/19 | Reliable Truck Service Inc | 751.72 | TRUCK MAINTENANCE |
| 13585 | 10/15/19 | Metro Sales, Inc. | 671.93 | QUARTERLY CONTRACT |
| 13586 | 10/15/19 | Z Systems | 1,390.82 | STUDIO UPGRADES |
| 13587 | 10/16/19 | Jeremy Millington | 18.53 | EXPENSES |
| 13588 | 10/22/19 | Rick Larson | 20.61 | EXPENSES |
| 13589 | 10/22/19 | Corporate Mechanical | 703.31 | BUILDING MAINTENANCE |
| 13590 | 10/22/19 | Ian R. Cobb | 937.50 | PHONE SUPPORT |
| 13591 | 10/22/19 | Brian K. Carlson | 2,125.00 | PHONE SUPPORT |
| 13592 | 10/23/19 | Winfield's Windows & Things, Inc | 350.00 | SEMI-ANNUAL CLEANING |
| 13593 | 10/28/19 | Corporate Mechanical | 592.63 | BUILDING MAINTENANCE |
| 13594 | 10/28/19 | Commercial Steam Team | 478.98 | SEMI-ANNUAL CLEANING |
| EFILE | 10/1/19 | Authorize.Net | 30.30 | MONTHLY SERVICE |
| EFILE | 10/4/19 | Chase Visa Card Services | 7,815.60 | OS/SFTWR/TECH/STUDIO/MEDIA/VIDEO |
| EFILE | 10/21/19 | Chase Visa Card Services | 556.80 | OS/SFTWR/TECH/STUDIO/MEDIA/VIDEO |
| EFILE | 10/1/19 | Virtual Merchant Credit Card | 54.99 | EXPENSES |
| EPAY-01 | 10/1/19 | Principal Financial Group | 487.85 | STD/LTD/LIFE/ADD |
| EPAY-02 | 10/2/19 | POPP TELECOM | 213.79 | MONTHLY SERVICE |
| EPAY-03 | 10/3/19 | Comcast | 288.06 | MONTHLY SERVICE |
| EPAY-04 | 10/3/19 | T-Mobile | 102.16 | MONTHLY SERVICE |
| EPAY-05 | 10/7/19 | Holiday Station Stores | 115.13 | GAS/OIL |
| EPAY-06 | 10/12/19 | AT&T Wireless | 430.72 | MONTHLY SERVICE |
| EPAY-07 | 10/14/19 | Republic Services | 164.86 | MONTHLY SERVICE |
| EPAY-08 | 10/15/19 | CenterPoint Energy | 24.52 | MONTHLY SERVICE |
| EPAY-09 | 10/15/19 | Comcast Business 100M/100M | 762.13 | MONTHLY SERVICE |
| EPAY-10 | 10/22/19 | U.S. Bank Card Service | 1,140.01 | SPMTG/TECH/POSTAGE/TRUCK/ADV |
| EPAY-11 | 10/22/19 | HealthPartners | 11,876.04 | HEALTH/DENTAL |
| EPAY-12 | 10/25/19 | Federal Express | 14.61 | EXPENSES |
| EPAY-13 | 10/26/19 | City of Blaine-utilities | 119.59 | EXPENSES |
| EPAY-14 | 10/26/19 | Connexus Energy | 2,158.60 | EXPENSES |
| EPAY-P01 | 10/1/19 | Richard R. Swanson | 135.00 | PER DIEM |
| SEPTEMBER SALES TAX | 10/8/19 | MN Dept. of Revenue | 189.00 | SALES TAX |

120,310.01

North Metro Telecommunications Commission

Balance Sheet
October 31, 2019

ASSETS

Current Assets

| | | |
|--------------------------|----|--------------|
| Cash - Checking Account | \$ | 2,752,030.82 |
| Petty Cash | | 150.00 |
| A/R - NMTC | | 198,975.72 |
| Prepaid Insurance - NMTC | | 11,811.46 |

Total Current Assets 2,962,968.00

Property and Equipment

| | |
|-------------------------|----------------|
| Office Equipment - NMTC | 1,309,645.37 |
| Accum Deprec - NMTC | (2,306,398.14) |
| Bond Equipment 2016 | 1,985,000.00 |
| Building-Polk/125 | 1,572,799.17 |
| Land-Polk/125 | 225,700.00 |

Total Property and Equipment 2,786,746.40

Other Assets

| | |
|------------------------------|-----------|
| Deferred Out Related/Pension | 94,521.00 |
|------------------------------|-----------|

Total Other Assets 94,521.00

Total Assets \$ 5,844,235.40

LIABILITIES AND CAPITAL

Current Liabilities

| | | |
|--------------------------------|----|------------|
| A/P - NMTC | \$ | 10,516.25 |
| Accrued Payroll Taxes & W/H's | | 449.54 |
| PERA - CORRECTIONS | | 310.09 |
| Garnished Wages | | 86.40 |
| Garnished Wages | | (86.40) |
| PERA PAYABLE - PRIOR | | (3,371.42) |
| Accrued Vacation | | 86,837.44 |
| Accrued Wages | | 32,180.96 |
| Franchise Fee App | | 935,484.87 |
| Due to City of Blaine | | 659,785.00 |
| Due to City of Centerville | | 40,915.00 |
| Due to City of Circle Pines | | 58,677.00 |
| Due to City of Ham Lake | | 171,010.00 |
| Due to City of Lexington | | 21,927.00 |
| Due to City of Lino Lakes | | 202,125.00 |
| Due to City of Spring Lake Par | | 70,560.00 |
| Deferred In Related/Pension | | 148,635.00 |

Total Current Liabilities 2,436,041.73

Long-Term Liabilities

| | |
|-----------------------|------------|
| Net Pension Liability | 543,664.00 |
|-----------------------|------------|

Total Long-Term Liabilities 543,664.00

Total Liabilities 2,979,705.73

Capital

| | |
|------------------------|--------------|
| Net Equity | 431,408.74 |
| Net Equity - Media Ctr | (206,243.34) |
| Net Equity - NMTC | 2,517,656.37 |
| Net Income | 121,707.90 |

Total Capital 2,864,529.67

Total Liabilities & Capital \$ 5,844,235.40

North Metro Telecommunications Comm

Cash Receipts Journal

For the Period From Oct 1, 2019 to Oct 31, 2019

| Date | Transaction Ref | Line Description | Debit Amnt | Credit Amnt |
|----------|---------------------|--|-------------------|-------------------|
| 10/23/19 | TAPE DUBS-CASH | TAPE DUBS-CASH Miscellaneous receipts | 42.00 | 42.00 |
| 10/23/19 | TAPE DUBS-CHECKS | TAPE DUBS-CHECKS Miscellaneous receipts | 260.00 | 260.00 |
| 10/23/19 | DRONE PRODUCTION-TJ | DRONE PRODUCTION Miscellaneous receipts | 700.00 | 700.00 |
| 10/23/19 | REFUND-CONNEXUS | CONNEXUS ENERGY REFUND Miscellaneous receipts | 2,125.80 | 2,125.80 |
| 10/23/19 | REFUND-UNDERPAID | UNDERPAYMENT CenturyLink-Franchise | 19,113.82 | 19,113.82 |
| 10/24/19 | OCT CC SALES-SQUARE | OCTOBER CREDIT CARD SALES-SQUARE OCTOBER CREDIT CARD SALES-SQUARE-FEES Credit Card Sales | 3.58 131.42 | 135.00 |
| 10/25/19 | OCT CC SALES-AMEX | OCTOBER CREDIT CARD SALES-AMEX OCTOBER CREDIT CARD SALES-AMEX-FEES Credit Card Sales | 0.78 19.22 | 20.00 |
| 10/26/19 | OCT CC SALES-AUTH | OCTOBER CREDIT CARD SALES-AUTHORIZE.NET Credit Card Sales | 660.28 | 660.28 |
| 10/28/19 | 3RD QTR FRAN FEES | 3RD QTR FRAN FEES Comcast-Franchise | 307,084.75 | 307,084.75 |
| 10/28/19 | 3RD QTR PEG FEES | 3RD QTR PEG FEES Comcast-PEG Fees | 193,282.81 | 193,282.81 |
| 10/29/19 | FRAN/PEG | FRAN/PEG CenturyLink-Franchise | 5,621.47 | 5,621.47 |
| 10/31/19 | INTEREST | INTEREST-COMMISSION CHECKING INTEREST - COMMISSION | 3,428.55 | 3,428.55 |
| | | | 532,474.48 | 532,474.48 |

North Metro Telecommunications Comm

Check Register

For the Period From Oct 1, 2019 to Oct 31, 2019

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

| Check # | Date | Payee | Amount |
|---------------------|----------|------------------------------|----------|
| EFILE | 10/1/19 | Discovery Benefits | 22.50 |
| EFILE | 10/1/19 | Authorize.Net | 30.30 |
| EFILE | 10/1/19 | Virtual Merchant Credit Card | 54.99 |
| 13577 | 10/1/19 | Richard D. Larson | 316.00 |
| EPAY-01 | 10/1/19 | Principal Financial Group | 487.85 |
| 13570 | 10/1/19 | Colin DM Brookfield | 500.00 |
| 13571 | 10/1/19 | Rusty S. Ray | 42.46 |
| 13572 | 10/1/19 | Matt Montain | 135.00 |
| 13573 | 10/1/19 | Mike Schweigert | 135.00 |
| 13574 | 10/1/19 | Brian Kirkham | 135.00 |
| 13575 | 10/1/19 | Dale K. Stoesz | 135.00 |
| 13576 | 10/1/19 | Michael A. Murphy | 135.00 |
| EPAY-P01 | 10/1/19 | Richard R. Swanson | 135.00 |
| 13578 | 10/1/19 | B Harris, Inc. | 435.00 |
| 13579 | 10/1/19 | Corporate Mechanical | 598.84 |
| EPAY-02 | 10/2/19 | POPP TELECOM | 213.79 |
| EPAY-03 | 10/3/19 | Comcast | 288.06 |
| EPAY-04 | 10/3/19 | T-Mobile | 102.16 |
| EFILE | 10/3/19 | Peachtree/Sage Software | 1.70 |
| 13581 | 10/4/19 | Bradley Law, LLC | 6,987.50 |
| EFILE | 10/4/19 | Chase Visa Card Services | 7,815.60 |
| 13580 | 10/6/19 | Ashpaugh & Sculco, CPA, PLC | 6,000.00 |
| 13582 | 10/7/19 | Coastal Wintergreen LLC | 1,060.00 |
| EPAY-05 | 10/7/19 | Holiday Station Stores | 115.13 |
| SEPTEMBER SALES TAX | 10/8/19 | MN Dept. of Revenue | 189.00 |
| EFILE | 10/9/19 | Discovery Benefits | 470.00 |
| EFILE | 10/11/19 | Peachtree/Sage Software | 22.10 |
| EFILE | 10/11/19 | MN Dept. of Revenue | 1,117.25 |
| EFILE | 10/11/19 | Public Employees Retirement | 3,568.92 |

North Metro Telecommunications Comm

Check Register

For the Period From Oct 1, 2019 to Oct 31, 2019

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

| Check # | Date | Payee | Amount |
|---------|----------|----------------------------------|-----------|
| EFILE | 10/11/19 | IRS/US BANK | 6,042.01 |
| EPAY-06 | 10/12/19 | AT&T Wireless | 430.72 |
| EPAY-07 | 10/14/19 | Republic Services | 164.86 |
| EPAY-08 | 10/15/19 | CenterPoint Energy | 24.52 |
| EPAY-09 | 10/15/19 | Comcast Business 100M/100M | 762.13 |
| 13584 | 10/15/19 | Reliable Truck Service Inc | 751.72 |
| 13586 | 10/15/19 | Z Systems | 1,390.82 |
| 13585 | 10/15/19 | Metro Sales, Inc. | 671.93 |
| 13587 | 10/16/19 | Jeremy Millington | 18.53 |
| EFILE | 10/21/19 | Chase Visa Card Services | 556.80 |
| EPAY-10 | 10/22/19 | U.S. Bank Card Service | 1,140.01 |
| EPAY-11 | 10/22/19 | HealthPartners | 11,876.04 |
| 13588 | 10/22/19 | Rick Larson | 20.61 |
| 13589 | 10/22/19 | Corporate Mechanical | 703.31 |
| 13590 | 10/22/19 | Ian R. Cobb | 937.50 |
| 13591 | 10/22/19 | Brian K. Carlson | 2,125.00 |
| EFILE | 10/23/19 | Discovery Benefits | 470.00 |
| 13592 | 10/23/19 | Winfield's Windows & Things, Inc | 350.00 |
| EFILE | 10/25/19 | Peachtree/Sage Software | 22.10 |
| EFILE | 10/25/19 | MN Dept. of Revenue | 1,115.30 |
| EFILE | 10/25/19 | Public Employees Retirement | 3,563.47 |
| EFILE | 10/25/19 | IRS/US BANK | 6,034.33 |
| EPAY-12 | 10/25/19 | Federal Express | 14.61 |
| EPAY-13 | 10/26/19 | City of Blaine-utilities | 119.59 |
| EPAY-14 | 10/26/19 | Connexus Energy | 2,158.60 |
| 13593 | 10/28/19 | Corporate Mechanical | 592.63 |
| 13594 | 10/28/19 | Commercial Steam Team | 478.98 |
| EFILE | 10/31/19 | Public Employees Retirement | 355.29 |
| EFILE | 10/31/19 | MN Dept. of Revenue | 130.13 |

North Metro Telecommunications Comm

Check Register

For the Period From Oct 1, 2019 to Oct 31, 2019

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

| Check # | Date | Payee | Amount |
|--------------|----------|-------------|------------------|
| EFILE | 10/31/19 | IRS/US BANK | 1,828.65 |
| Total | | | 76,099.34 |

North Metro Telecommunications Comm

General Journal

For the Period From Oct 1, 2019 to Oct 31, 2019

| Date | Reference | Trans Description | Debit Amt | Credit Amt |
|--------------|----------------------|--|-------------------|-------------------|
| 10/1/19 | ACCRUED VAC/COM/SICK | ACCRUED VAC/COMP/SICK ACCRUED VAC/COMP/SICK | 86,297.08 | 86,297.08 |
| 10/1/19 | ACCRUED WAGES | ACCRUED WAGES ACCRUED WAGES | 14,997.60 | 14,997.60 |
| 10/29/19 | ACCRUED DEPRECIATION | ACCRUED DEPRECIATION ACCRUED DEPRECIATION | 12,900.00 | 12,900.00 |
| 10/30/19 | ACCRUED VAC/SIC/COMP | ACCRUED VAC/COMP/SICK ACCRUED VAC/COMP/SICK | 86,837.44 | 86,837.44 |
| 10/31/19 | ACCRUED WAGES | ACCRUED WAGES ACCRUED WAGES | 22,538.16 | 22,538.16 |
| Total | | | 223,570.28 | 223,570.28 |

**NORTH METRO TELECOMMUNICATIONS COMMISSION
UNAPPROVED OPERATIONS COMMITTEE MEETING NOTES**

Tuesday, October 1, 2019

CALL TO ORDER

The meeting began at 10:32 a.m.

MEMBERS PRESENT

B. Petracek, D. Buchholtz, J. Karlson, P. Antonen, D. Webster, M. Statz

MEMBERS ABSENT

M. Wolfe

OTHERS PRESENT

H. Arnson

APPROVAL OF MEETING NOTES

The meeting notes of September 3, 2019 were approved by consensus.

EXECUTIVE DIRECTOR REPORT

- Staff reviewed the findings in the Ashpaugh and Sculco Franchise and PEG Fee Report. According to the Report, Comcast underpaid the Commission by \$185,165 in franchise fees and PEG fees, including interest. Comcast will respond to the Report by the November meetings.
- The FCC's Third Report and Order became effective on September 26th. The Commission is participating in the appeal of the Order and the request for a stay.
- The City HD channel is now available to Comcast subscribers with HD service.
- The NMTV OTT app could be available any day.

OLD BUSINESS

- Staff reported on NMTV election coverage and programming. Meet the Candidate forums and debates are playing on all of the local channels and are available on the NMTV Youtube channel.

NEW BUSINESS

There was no new business.

ADJOURNMENT

The meeting was adjourned at 11:07 a.m.

**NORTH METRO TELECOMMUNICATIONS COMMISSION
UNAPPROVED OPERATIONS COMMITTEE MEETING NOTES**

Tuesday, November 5, 2019

CALL TO ORDER

The meeting began at 10:34 a.m.

MEMBERS PRESENT

D. Buchholtz, J. Karlson, P. Antonen, D. Webster, M. Wolfe

MEMBERS ABSENT

B. Petracek, M. Statz

OTHERS PRESENT

H. Arnson

APPROVAL OF MEETING NOTES

The meeting notes of October 1, 2019 were approved by consensus.

EXECUTIVE DIRECTOR REPORT

- Comcast has responded to the Ashpaugh & Sculco Franchise and PEG Fee Review. In that review it was determined that Comcast underpaid franchise and PEG fees by \$185,125, including interest. Comcast has determined that it underpaid franchise fees to the Commission by \$10,253, including interest. Ashpaugh & Sculco have been asked to provide a supplemental report addressing Comcast's response. A meeting will be arranged between Ashpaugh & Sculco, Comcast, Mike Bradley, and the participating LFA's Executive Directors. Each company will be asked to explain their respective positions and answer questions. The findings from the meeting will be presented to the Operations Committee and Cable Commission and a decision will then be made regarding next steps.
- A Motion for Stay of the Third Report and Order was filed with the FCC on October 7th. The Motion requested that the FCC delay the effective date of the cable franchise Order until the appeals of the Order have been resolved. The Appeal of the Order was filed on October 24th with the DC Court of Appeals. It is expected that the Court will transfer the case to the Ninth Circuit Court. As of the November 5th Operations Committee meeting, the FCC had not acted on the Motion for Stay.
- Third quarter franchise and PEG fees have been received from Comcast and CenturyLink. While there has been some subscriber loss across the year, the reports were encouraging.
- Miscellaneous items were discussed, including the impending launch of the NMTV OTT app and the sale of RF bandwidth resulting in trouble with some city wireless microphones.

OLD BUSINESS

- J. Karlson reported that his City Council is moving forward on adopting a 5G ordinance.

NEW BUSINESS

There was no new business.

ADJOURNMENT

The meeting was adjourned at 11:37 a.m.

EXECUTIVE COMMITTEE MINUTES

Meeting of October 2, 2019

Executive Cmte. Present: Dick Swanson; Blaine, Mike Murphy; Lexington, Dale Stoesz;
Lino Lakes

Absent:

Others Present: Heidi Arnson; Executive Director, Rose Valez; Administrative
Asst.

CALL TO ORDER

The Chair called the meeting to order at 6:00 p.m.

APPROVAL OF MINUTES

A motion to approve the September 4, 2019 Executive Committee meeting minutes was made by D. Swanson. Second, M. Murphy. Motion approved.

EXECUTIVE DIRECTOR / OPERATIONS COMMITTEE REPORT

- The Ashpaugh & Sculco Franchise and PEG Fee Report was reviewed. According to the Report, Comcast underpaid the Commission by \$185,165 in franchise and PEG fees, including interest. Comcast will respond to the Report by the November meetings.
- The FCC's Third Report and Order became effective on September 26th. The Commission is participating in the appeal of the Order and the request for a Stay.
- NMTV staff continue to work with Tightrope and Apple to create the NMTV OTT app. It could become available any day.

OLD BUSINESS

There was no old business.

NEW BUSINESS

- Mayor Robert Nelson has been named the Cable Commission representative for Spring Lake Park.
- The Commission will need to nominate a new Secretary to replace Cindy Hansen. Staff was directed to gauge interest.

- D. Swanson announced that next year will be his last on the Commission. He would like to have his successor accompany him to meetings next year, to bring him up to speed with issues.

ADJOURN

**Motion to adjourn made by D. Swanson. Second, M. Murphy. Motion approved.
The meeting was adjourned at 6:15 p.m.**

North Metro TV

October 2019 Update

Program Production

In October, a total of 117 **new programs** were produced utilizing the North Metro facilities, funds, and services. This constitutes **87:45:00 hours of new programming**.

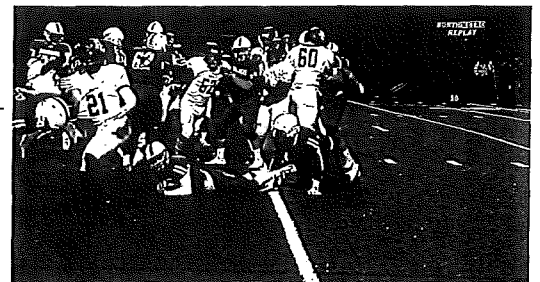
- 31 programs were produced by the public
- 66 programs were produced by NMTV staff
- 20 programs were produced by City staff



Van Shoots

The HD truck was used for **71:15:00** hours of production. Events produced live and recorded for additional playbacks include:

- Volleyball: Blaine vs. Centennial
- Football: Centennial vs. Blaine
- Volleyball: Centennial vs. Spring Lake Park
- Football: St. Michael-Albertville vs. Centennial
- North Metro Youth Football Championships: 2nd through 6th Grade
- Football: Park Center vs. Spring Lake Park
- Volleyball: 4AAA QF: Irondale vs. Centennial
- Football: 6A 1st Round Playoff: Stillwater vs. Centennial
- Volleyball: 4AAA SF: Stillwater vs. Centennial
- Volleyball: 7AAA SF: Blaine vs. Forest Lake



Workshops

| Workshop | Instructor | Organization | Students |
|---|--------------|------------------------------------|----------|
| Lecture Series – Australian Cinema: Movies from the Land Down Under | Eric Houston | At NMTV, General Public | 19 |
| Lecture Series – Dracula, Frankenstein and King Kong: Monster Movies of the 20s and 30s | Eric Houston | Lino Lakes Senior Center | 3 |
| Lecture Series – Dracula, Frankenstein and King Kong: Monster Movies of the 20s and 30s | Eric Houston | Crest View Senior Living | 4 |
| Lecture Series – Star Trek: Behind the Scenes of the Final Frontier | Eric Houston | Anoka Hennepin Community Education | 10 |

| | | | |
|---|--------------|--|--------------------|
| Lecture Series – The Monsters Come to Television: Samantha, Herman, Gomez, and Jeannie | Eric Houston | At NMTV, General Public | 19 |
| Lecture Series – The Wolfman, the Creature, and Godzilla: Monster Movies of the 40s and 50s | Eric Houston | Spring Lake Park Park and Rec | 7 |
| Intro to Production | Eric Houston | Blaine High School Business Professionals of America | 8 |
| Lecture Series – James Bond: 50 Years of 007 | Eric Houston | Blaine Parks and Rec | 9 |
| 8 Workshops | | | 79 Students |

Home Movie Transfers

Home movie transfers have become one of our most popular services. Residents can transfer their family videos themselves for free, or pay NMTV to do it. NMTV can also transfer film, slides, and photos for a fee.

| Month | Hours Transferred | Tapes | Film Reels | DVDs | Photos/ Slides | Fees Paid |
|---------------|-------------------|------------|------------|------------|----------------|--------------------|
| January | 226 | 64 | 47 | 2 | 702 | \$1,305.00 |
| February | 302.75 | 71 | 91 | 2 | 1,277 | \$914.00 |
| March | 248.75 | 128 | 26 | 38 | 700 | \$906.00 |
| April | 208.75 | 88 | 17 | 17 | 1,830 | \$1,014.00 |
| May | 355.25 | 112 | 24 | 14 | 1,002 | \$960.00 |
| June | 503.5 | 140 | 92 | 58 | 1,047 | \$1,925.00 |
| July | 281.75 | 60 | 29 | 45 | 1,686 | \$1,563.00 |
| August | 302.75 | 27 | 121 | 10 | 1,437 | \$955.00 |
| September | 206.5 | 51 | 70 | 33 | 77 | \$997.00 |
| October | 146.25 | 37 | 17 | 0 | 118 | \$415.00 |
| TOTAL: | 2,782.25 | 778 | 534 | 219 | 9,876 | \$10,954.00 |

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, municipal, or educational.

| Month | Unique Individuals | Total Usage Hours |
|----------------------------|--------------------|-------------------|
| January | 144 | 677.5 |
| February | 94 | 606.5 |
| March | 76 | 572.75 |
| April | 108 | 591.75 |
| May | 163 | 773.5 |
| June | 84 | 737.25 |
| July | 97 | 543.00 |
| August | 79 | 475.25 |
| September | 76 | 440.25 |
| October | 124 | 471.75 |
| TOTAL PUBLIC USAGE: | | 5,889.50 |

Production Highlights

NMTV News Highlights

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

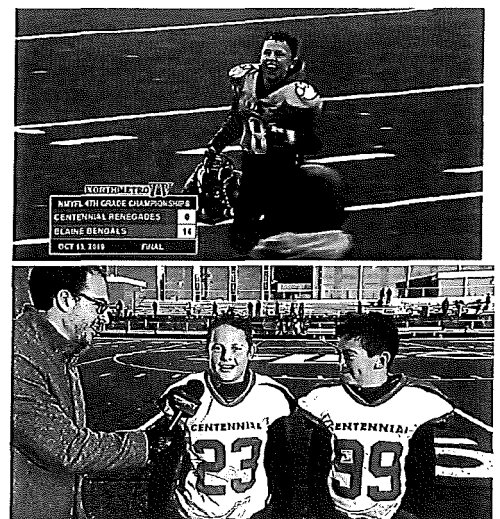
- Meals on Wheels Delivers More Than Just Food
- Centennial Schools Inducts New Members into Hall of Fame
- Spring Lake Park Schools to Ask Voters to Approve Renewal of Two Tax Levies
- MNDOT Seeks Survey Input on Highway 65 Intersection Options
- Metro Transit Wants to Work with Northtown Neighbors on Bussing
- Cooking Classes at Centennial Branch Library
- Anoka Halloween Celebrates 99th Anniversary
- Anoka County Library Offers Chance to Take Home a New Hobby to Try
- Adopt a Drain is One Way to Protect Water Sources for Everyone



In addition to daily playbacks of North Metro TV News on the cable systems, there are 604 local stories archived for viewers on the NMTV YouTube page. The page can be accessed through the northmetrotv.com website.

North Metro Youth Football Championships

The Sports crew spent Sunday October 13th covering the North Metro Youth Football Championships. The 2nd, 3rd, 4th, 5th, and 6th grade championship games were recorded. This is an annual event for us, and we go all out. The games include pre and post coach and player interviews, professional graphics, announcers, and re-play. The games were streamed live on channel 15 and are receiving additional playbacks on the channel and are available on demand. This event is very popular with our viewing audience and also results in quite a few Blu-ray sales. It is a tradition for us to play-back a youth football marathon on Thanksgiving day. This year will be no different!

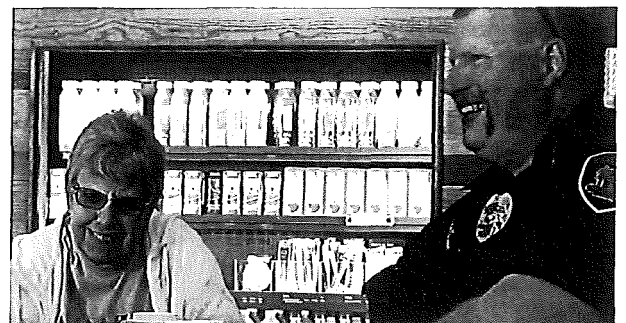


Election Programming

While most of our election related programming was produced in September, we did record two sponsored debates and created additional content in October. T.J. Tronson covered two Anoka County Commissioner candidate forums. The first was sponsored by the Quad Area Chamber of Commerce, and the second by the League of Women Voters. The News Team also produced a feature on the two Spring Lake Park School District tax levies.

Blaine Police Department Series Wraps Up

Municipal Producer, Trevor Scholl, wrapped up his work on the Blaine Police Department Training Series with the final two episodes. Show #6 reviewed the departments community relations policies and procedures and episode #7 summarized the series objectives. All seven episodes are available on the North Metro TV Youtube page, and are playing on the city channel.



Lecture Series

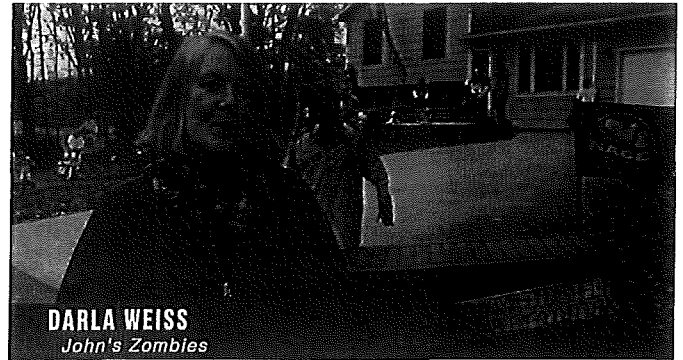
It was a busy month for NMTV's traveling lecture series. Instructor, Eric Houston, taught seven classes both at NMTV and at various venues throughout the community. In addition to the usual participants, three new organizations have requested the presentations, including Blaine Park and Rec, the Lino Lakes Senior Center, and Anoka Hennepin Community Education. Just in time for Halloween, Eric created another monster themed lecture called The Monsters Come to

Television: Samantha, Herman, Gomez, and Jeanne. This one goes deep on the introduction of monsters to serial television.

City Productions

In October, Municipal Producer, Trevor Scholl, produced two episodes of the Blaine Police Department's training series, wrapping up that project with seven episodes. He also produced two episodes of Mayor's Minutes, plus some final revisions on the Stormwater Pond series for Blaine.

- Blaine Police Department Training Series #6: Community Relations
- Blaine Police Department Training Series #7: Conclusion
- Centerville Mayor's Minutes: Fall 2019
- Blaine Mayor's Minutes: Fall 2019
- John's Zombies
- Autumn Brew Review



New and ongoing projects include:

- Getting final approval for Blaine Stormwater Pond production revisions
- Lino Lakes events series
- More features for Anoka County parks
- New features and services at the new library in Circle Pines
- Election judges in Spring Lake Park
- Shot Video for World Heritage project – a study abroad program with students from local schools
- Veteran's Day Memorial
- New Americans Academy

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

- 10.2.19: Channel video appears out of sync with audio at times. Reset Makito encoder.
- 10.3.19: Went to city hall to fix streaming issues. Restarted the Makito X encoder, the Brightsign and the converter.
- 10.10.19: Emailed Roark. Channel graphic seems to keep repeating. Asked him to reboot Brightsign. System up again.

Centerville

- 10.15.19: Signal frozen. Went to city hall to cycle the power on all equipment on the transmission end. After cycling power, the equipment came back online. Verified looks good at NMTV master control.

Circle Pines

- 10.9.19: USB drive filled up and stopped recording. Patrick changed out the drive but it then froze up. Went to city hall and restarted.
- 10.9.19: Audio feedback through speakers creating distortion. Found where mic was placed on podium it seemed to feedback. Possibly due to speakers around it.

Ham Lake

- 10.31.19: Adjusted brightness on fire station projector.
- 10.31.19: Staff had problems starting projector. Checked, projector is functioning.
- 10.31.19: Audio issues during last meeting. Checked system. All is functioning. Left instructions for Reed to prevent future boot-up problems.

Lexington

- 10.22.19: Audio is very low on recordings. Went to city hall to test mics. Might have been some confusion over on/off switch. Tested all mics and adjusted to avoid distortion. Boosted Ross Frame Sync to get the level back to -20db.
- 10.22.19: Brightsign player too loud. Created new file with lower audio.

Lino Lakes

- No assistance required.

Spring Lake Park

- 10.3.19: Talked to Wanda about new HD DTAs that Comcast has supplied.

- 10.14.19: Presentation system not working. Crestron DM-RMC-SCALER-C is not powering on. Troubleshooting manual indicates system is dead. Located used replacement online for under \$100. (New is \$1,200 and refurbished are \$595. Going to try used one first.
- 10.22.19: Went to city hall to fix Crestron piece that failed. System came back online.
- 10.22.19: Was notified of overheating concerns on computer. Asked staff to monitor heat levels.
- 10.29.19: Audio issues during meeting. Couldn't get the mics to turn on after council member turned off. Found problem on staff crestron ipad. Mic setting was changed from manual to RTS. Switched back to manual and the system worked.

All Cities

- 10.1.19: Uploaded more content for Screenweave OTT app
- 10.2.19: Received more requests for items for OTT app. Created and sent.
- 10.2.19: SYNC 001 not responding to anything locally or on the network. Restarted by pulling the redundant power supplies. It came back online and synced up with the rest of the system.
- 10.2.19: Contacted Haivision about updates for all Makito X units. Updated standard warranties that cover any issues, support, and software updates.
- 10.3.19: Went to cities to round up unused Comcast encoders.
- 10.16.19: Apple NMTV app approved.
- 10.30.19: Attended Alpha Video Expo. Went to 3 seminars including new HDR cameras and technology, closed captioning, and 5G what cell companies want you to hear and what they don't.

City Channel 16 Playback Stats

| City | Number of Times Programs Played | Hours Programmed on Channel |
|------------------|---------------------------------|---|
| Blaine | 298 | 279:36:57 |
| Centerville | 114 | 158:18:26 |
| Circle Pines | 276 | 200:12:51 |
| Ham Lake | 74 | 70:52:18 |
| Lexington | 175 | 122:27:41 |
| Lino Lakes | 230 | 195:45:07 |
| Spring Lake Park | 171 | 164:26:30 |
| Totals: | 1,338 Program Playbacks | 1,191:39:50 Hours of Video Programming on Channels |

Programs Produced by the Public

| Title | Producer | Runtime |
|--|--|---------------------------|
| Chit Chat | Sharon Carlson | 00:15:06 |
| Bad Movie Bros | Video Club/Eric Houston | 00:28:34 |
| Every Movie Ever (4 episodes) | Joe Scholz, Rick Bostrom, Ben Daniels/Ryan Frieundschuh, Gavin Van Trease/Brett Wong/Seraiah Brooks/Eric Houston | 01:27:49 |
| A Fresh New Day (3 episodes) | Anita Wardlaw | 01:27:51 |
| Cornerstone Church (3 episodes) | Rick Bostrom | 01:46:44 |
| Christ Lutheran Church (4 episodes) | Jacob Nessman | 04:05:12 |
| The Power of Love (4 episodes) | Rick Larson | 02:00:00 |
| LovePower (4 episodes) | Rick Larson | 04:00:00 |
| Rice Creek Watershed District Meeting (2 episodes) | Theresa Stasica | 02:51:15 |
| Hope Church (5 episodes) | Cindy Hardy | 03:26:44 |
| 31 New Programs | | 21:49:27 New Hours |

Programs Produced by NMTV Staff

| Title | Producer | Runtime |
|--|---------------------------|---------------------------|
| Anoka County Board Meeting (10/8/19) | T.J. Tronson | 00:41:35 |
| Quad Area Chamber of Commerce Oct. 3 rd Anoka County Commissioner Forum | T.J. Tronson | 00:47:39 |
| LWV Oct. 8 Anoka County Commissioner Forum | T. J. Tronson | 01:37:48 |
| NMTV News (4 episodes) | Danika Peterson/Rusty Ray | 01:10:03 |
| Conversation With Jill Johnson | Danika Peterson/Rusty Ray | 00:16:48 |
| Blaine Police Department Training Series #6: Community Relations | Trevor Scholl | 00:06:28 |
| Centerville Mayor's Minutes: Fall 2019 | Trevor Scholl | 00:07:12 |
| Blaine Mayor's Minutes: Fall 2019 | Trevor Scholl | 00:06:27 |
| John's Zombies | Trevor Scholl | 00:05:30 |
| Autumn Brew Review | Trevor Scholl | 00:03:50 |
| Blaine Police Department Training Series #7: Conclusion | Trevor Scholl | 00:04:24 |
| Ham Lake Fire Department Booya Announcement | Danika Peterson/Rusty Ray | 00:00:37 |
| Girls Soccer: 7AA QF: Cambridge-Isanti/Centennial | Kenton Kipp/J. Millington | 01:39:38 |
| Boys Soccer: 7AA QF: Coon Rapids/Centennial | Kenton Kipp/J. Millington | 01:31:09 |
| Girls Soccer: 7AA SF: Blaine/Centennial | Kenton Kipp/J. Millington | 01:34:58 |
| Boys Soccer: 7AA SF: Duluth East/Centennial | Kenton Kipp/J. Millington | 01:36:29 |
| Girls Soccer: State AA QF: Lakeville S/Centennial | Kenton Kipp/J. Millington | 01:52:04 |
| Boys Soccer: State AA QF: Mpls Washburn/Centennial | Kenton Kipp/J. Millington | 01:49:50 |
| Football: 5AAAAA SF: Irondale/Spring Lake Park | Kenton Kipp/J. Millington | 01:52:05 |
| Girls Soccer State AA SF: Rosemount/Centennial | Kenton Kipp/J. Millington | 01:59:39 |
| Girls Soccer AA State Championship: Maple Grove/Centennial | Kenton Kipp/J. Millington | 01:32:32 |
| Volleyball: Blaine/Centennial | Kenton Kipp/J. Millington | 01:50:59 |
| Football: Centennial/Blaine | Kenton Kipp/J. Millington | 02:21:27 |
| Volleyball: Centennial/Spring Lake Park | Kenton Kipp/J. Millington | 01:39:06 |
| Football: St. Michael-Albertville/Centennial | Kenton Kipp/J. Millington | 01:57:15 |
| North Metro Youth Football: 4 th Grade Championship | Kenton Kipp/J. Millington | 01:26:54 |
| North Metro Youth Football: 3 rd Grade Championship | Kenton Kipp/J. Millington | 01:27:09 |
| North Metro Youth Football: 2 nd Grade Championship | Kenton Kipp/J. Millington | 01:17:23 |
| North Metro Youth Football: 6 th Grade Championship | Kenton Kipp/J. Millington | 01:40:58 |
| North Metro Youth Football: 5 th Grade Championship | Kenton Kipp/J. Millington | 01:24:20 |
| Football: Park Center/Spring Lake Park | Kenton Kipp/J. Millington | 02:15:12 |
| Volleyball: 4AAA QF: Irondale/Centennial | Kenton Kipp/J. Millington | 01:42:17 |
| Football: 6A 1 st Round Playoff: Stillwater/Centennial | Kenton Kipp/J. Millington | 02:16:45 |
| Volleyball: 4AAA SF: Stillwater/Centennial | Kenton Kipp/J. Millington | 01:39:04 |
| Volleyball: 7AAA SF: Blaine/Forest Lake | Kenton Kipp/J. Millington | 01:41:27 |
| Sports Den (4 episodes) | Kenton Kipp/J. Millington | 01:52:18 |
| Game Highlights (25 episodes) | Kenton Kipp/J. Millington | 00:55:42 |
| 66 New Programs | | 46:12:16 New Hours |

Programs Produced by City Staff

| Title | Producer | Runtime |
|--|------------------------|---------------------------|
| Blaine City Council Meeting (10/7/19) | Blaine Staff | 02:21:00 |
| Blaine Natural Resources Conservation Board Meeting (10/15/19) | Blaine Staff | 00:28:50 |
| Blaine City Council Meeting (10/21/19) | Blaine Staff | 00:35:57 |
| Blaine Park Board Meeting (10/22/19) | Blaine Staff | 00:39:17 |
| Centerville City Council Meeting (10/9/19) | Centerville Staff | 02:34:46 |
| Centerville City Council Meeting (10/23/19) | Centerville Staff | 01:15:00 |
| Circle Pines City Council Meeting (10/8/19) | Circle Pines Staff | 00:44:54 |
| Circle Pines Utility Commission Meeting (10/16/19) | Circle Pines Staff | 00:10:12 |
| Ham Lake City Council Meeting (10/7/19) | Ham Lake Staff | 01:02:07 |
| Ham Lake Planning Commission Meeting (10/14/19) | Ham Lake Staff | 00:35:36 |
| Ham Lake City Council Meeting (10/21/19) | Ham Lake Staff | 01:07:02 |
| Lexington City Council Meeting (10/3/19) | Lexington Staff | 00:07:59 |
| Lexington City Council Meeting (10/17/19) | Lexington Staff | 00:10:24 |
| Lino Lakes Park Board Meeting (10/7/19) | Lino Lakes Staff | 00:52:49 |
| Lino Lakes Planning & Zoning Meeting (10/9/19) | Lino Lakes Staff | 01:38:13 |
| Lino Lakes City Council Meeting (10/14/19) | Lino Lakes Staff | 00:55:55 |
| Lino Lakes City Council Meeting (10/28/19) | Lino Lakes Staff | 00:39:29 |
| Spring Lake Park City Council Meeting (10/7/19) | Spring Lake Park Staff | 01:39:41 |
| Spring Lake Park City Council Meeting (10/21/19) | Spring Lake Park Staff | 00:44:09 |
| Spring Lake Park Planning Commission Meeting (10/28/19) | Spring Lake Park Staff | 01:24:00 |
| 20 New Programs | | 19:47:20 New Hours |

If you have any questions or comments regarding this monthly report please contact
Heidi Arnson at 763.231.2801 or harnson@northmetrotv.com.

NORTH METRO TV
Production Statistics 2019

| | J | F | M | A | M | J | JU | A | S | O | N | D | 19 Total | 19 Average |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---|---|----------|------------|
| Programming Statistics | | | | | | | | | | | | | | |
| Cablecast Programs | 2675.00 | 2340.00 | 2636.00 | 2374.00 | 2520.00 | 2495.00 | 2493.00 | 2603.00 | 2742.00 | 3120.00 | | | 25998.00 | 2166.50 |
| Cablecast Hours | 2070.00 | 1797.00 | 2015.25 | 1900.50 | 2156.25 | 2188.00 | 2024.75 | 2060.75 | 2108.00 | 2496.75 | | | 20817.25 | 1734.77 |
| Programs Produced - Public | 34.00 | 27.00 | 24.00 | 23.00 | 18.00 | 25.00 | 24.00 | 36.00 | 28.00 | 24.00 | | | 263.00 | 21.92 |
| Program Hours Produced - Public | 20.50 | 18.50 | 16.50 | 16.50 | 13.00 | 18.25 | 19.00 | 44.25 | 19.50 | 15.50 | | | 201.50 | 16.79 |
| Prog. Produced - Affiliated Public | 8.00 | 6.00 | 9.00 | 9.00 | 10.00 | 6.00 | 7.00 | 6.00 | 7.00 | 7.00 | | | 75.00 | 6.25 |
| Prog. Hours Produced - Affil. Public | 6.75 | 5.00 | 5.50 | 6.75 | 7.25 | 6.25 | 4.50 | 4.00 | 5.00 | 6.25 | | | 57.25 | 4.77 |
| Programs Produced - City Staff | 21.00 | 23.00 | 23.00 | 25.00 | 23.00 | 19.00 | 21.00 | 22.00 | 24.00 | 20.00 | | | 221.00 | 18.42 |
| Prog. Hours Produced - City Staff | 20.00 | 19.00 | 23.00 | 21.50 | 20.50 | 19.25 | 15.50 | 22.50 | 19.00 | 19.75 | | | 200.00 | 16.67 |
| Programs Produced - NMTV Staff | 50.00 | 63.00 | 44.00 | 24.00 | 68.00 | 27.00 | 35.00 | 38.00 | 62.00 | 66.00 | | | 477.00 | 39.75 |
| Prog. Hours Produced - NMTV Staff | 21.00 | 35.75 | 18.25 | 12.75 | 34.00 | 21.50 | 35.75 | 8.00 | 34.25 | 46.25 | | | 267.50 | 22.29 |
| Total Public Programs Produced | 42.00 | 33.00 | 33.00 | 32.00 | 28.00 | 31.00 | 31.00 | 42.00 | 35.00 | 31.00 | | | 338.00 | 28.17 |
| Total Staff Programs Produced | 71.00 | 86.00 | 67.00 | 49.00 | 91.00 | 46.00 | 56.00 | 60.00 | 86.00 | 86.00 | | | 698.00 | 58.17 |
| Total Internal Programs Produced | 113.00 | 119.00 | 100.00 | 81.00 | 119.00 | 77.00 | 87.00 | 102.00 | 121.00 | 117.00 | | | 1036.00 | 86.33 |
| % Staff Produced Programs | 62.83% | 72.27% | 67.00% | 60.49% | 76.47% | 59.74% | 64.37% | 58.82% | 71.07% | 73.50% | | | 67.37% | 67.37% |
| % Public Produced Programs | 37.17% | 27.73% | 33.00% | 39.51% | 23.53% | 40.26% | 35.63% | 41.18% | 28.93% | 26.50% | | | 32.63% | 32.63% |
| External Programs Submitted | 19.00 | 13.00 | 21.00 | 18.00 | 21.00 | 14.00 | 14.00 | 26.00 | 14.00 | 14.00 | | | 174.00 | 14.50 |
| External Program Hours | 14.25 | 10.50 | 13.25 | 11.25 | 14.75 | 11.00 | 11.00 | 15.00 | 11.25 | 10.75 | | | 123.00 | 10.25 |
| Total New Programs | 132.00 | 132.00 | 121.00 | 99.00 | 140.00 | 91.00 | 101.00 | 128.00 | 135.00 | 131.00 | | | 1210.00 | 100.83 |
| Equipment Usage Statistics | | | | | | | | | | | | | | |
| Facility Hours Available | 176.00 | 149.00 | 196.00 | 202.00 | 188.00 | 148.00 | 162.00 | 170.00 | 170.00 | 162.00 | | | 1723.00 | 143.58 |
| Public Field Equipment Uses | 7.00 | 5.00 | 8.00 | 8.00 | 12.00 | 8.00 | 12.00 | 9.00 | 10.00 | 12.00 | | | 91.00 | 7.58 |
| Studio A | 38.00 | 38.00 | 46.50 | 36.50 | 21.25 | 40.25 | 49.25 | 49.50 | 85.00 | 53.00 | | | 457.25 | 38.10 |
| % of Available Time | 21.59% | 25.50% | 23.72% | 18.07% | 11.30% | 27.20% | 30.40% | 29.12% | 50.00% | 32.72% | | | 26.54% | 26.54% |
| Studio B | 29.75 | 27.50 | 4.00 | 19.00 | 3.00 | 4.00 | 11.00 | 12.00 | 7.50 | 41.00 | | | 158.75 | 13.23 |
| % of Available Time | 16.90% | 18.46% | 2.04% | 9.41% | 1.60% | 2.70% | 6.79% | 7.06% | 4.41% | 25.31% | | | 9.21% | 9.21% |
| Public MAC A Edit Suite | 71.50 | 213.00 | 180.00 | 135.75 | 146.50 | 211.75 | 172.75 | 197.50 | 169.50 | 120.75 | | | 1619.00 | 134.92 |
| % of Available Time | 40.63% | 142.95% | 91.84% | 67.20% | 77.93% | 143.07% | 106.64% | 116.18% | 99.71% | 74.54% | | | 93.96% | 60.64% |
| Public MAC B Edit Suite | 77.25 | 52.75 | 76.25 | 83.25 | 116.50 | 115.50 | 59.25 | 60.50 | 58.50 | 60.25 | | | 760.00 | 63.33 |
| % of Available Time | 43.89% | 35.40% | 38.90% | 41.21% | 61.97% | 78.04% | 36.57% | 35.59% | 34.41% | 37.19% | | | 44.11% | 44.11% |
| Public MAC C Edit Suite | 83.75 | 80.00 | 138.00 | 108.75 | 100.75 | 104.50 | 92.00 | 36.75 | 39.00 | 62.50 | | | 846.00 | 70.50 |
| % of Available Time | 47.59% | 53.69% | 70.41% | 53.84% | 53.59% | 70.61% | 56.79% | 21.62% | 22.94% | 38.58% | | | 49.10% | 49.10% |
| Production Van Statistics | | | | | | | | | | | | | | |
| Production Hours | 41.75 | 66.50 | 25.50 | 24.75 | 67.75 | 49.25 | 64.25 | 4.25 | 56.75 | 71.25 | | | 472.00 | 39.33 |
| Number of Van Shoots | 7.00 | 10.00 | 4.00 | 4.00 | 11.00 | 8.00 | 7.00 | 1.00 | 8.00 | 10.00 | | | 70.00 | 5.83 |
| Average Hours Per Shoot | 5.96 | 6.65 | 6.38 | 6.19 | 6.16 | 6.16 | 9.18 | 4.25 | 7.09 | 7.13 | | | 6.74 | 3.28 |
| Number of New Volunteers | 1.00 | 8.00 | 0.00 | 0.00 | 5.00 | 2.00 | 2.00 | 3.00 | 3.00 | 4.00 | | | 28.00 | 2.33 |
| Volunteer Hours | 21.00 | 39.00 | 30.00 | 5.00 | 56.00 | 54.00 | 44.00 | 10.00 | 70.00 | 34.00 | | | 363.00 | 30.25 |
| Public Access Statistics | | | | | | | | | | | | | | |
| Number of Workshops | 8.00 | 6.00 | 8.00 | 9.00 | 8.00 | 5.00 | 6.00 | 4.00 | 5.00 | 8.00 | | | 67.00 | 5.58 |
| Number of Students | 85.00 | 63.00 | 52.00 | 68.00 | 59.00 | 45.00 | 59.00 | 27.00 | 37.00 | 79.00 | | | 574.00 | 47.83 |
| PAP Volunteer Hours | 199.75 | 104.00 | 92.50 | 158.50 | 115.00 | 88.50 | 81.25 | 78.25 | 74.00 | 113.25 | | | 1105.00 | 92.08 |
| Total Public Facility Usage Hours | 677.50 | 606.50 | 572.75 | 591.75 | 773.50 | 737.25 | 543.00 | 475.25 | 440.25 | 471.75 | | | 5889.50 | 490.79 |

NORTH METRO TV

TO: OPERATIONS COMMITTEE/CABLE COMMISSION
FROM: HEIDI ARNSON
SUBJECT: COMCAST FRANCHISE AND PEG FEE AUDIT UPDATE
DATE: 10/29/2019

Comcast Franchise and PEG Fee Audit

- Received report from consultant A&S that determined Comcast owed the Commission \$185,165 in underpaid franchise and PEG fees, including interest.
- Submitted report and work papers to Comcast for response.
- Comcast submitted a response to the report, with their own determination that underpaid fees and interest total \$10,253.
- Next Steps:
 - Have asked A&S (our consultants) to supplement its report to address the Comcast responses
 - Will then invite A&S and Comcast to participate in a joint meeting allowing both companies to explain their respective positions to the Executive Directors (possibly recording the meeting to share with Commissions)
 - Discuss findings with Operations Committee/Cable Commission
 - Determine a process for taking final action
- A summary of the A&S report and the Comcast response to the report are attached to this memo



October 25, 2019

Ms. Heidi Arnson
Cable Communications Officer
12520 Polk Street NE
Blaine, MN 55434-3148

RE: Franchise Fee Audit Response; Period: January 1, 2015-March 31,2018

Dear Ms. Arnson:

Thank you for your letter of September 20, 2019, in which you provided audit findings and recommendations from Ashpaugh and Sculco's review of Comcast's franchise fees for the years of 2015-2018 ("Audit Report"). We have had an opportunity to review the Audit Report and provide our response to each area of deficiency as outlined in the Audit Report.

Based on our review of the Audit Report we have concluded that Comcast has underpaid the Commission \$10,253, from the years 2015-2018. We are looking forward to discussing Comcast's response further.

If you have any questions about these changes, please feel free to call me directly at 651-493-5777.

Sincerely,

/s/ Karly Baraga Werner

Karly Werner

Sr. Director, Government Affairs

cc: Enclosure

North Metro Telecommunications Commission (NMTC)
January 1, 2015 to March 31, 2018
Comcast's Responses to Audit Findings

I. SUBSCRIBER REVENUES

a. Reverse Deduction for Billing and Collection Expenses

Comcast reduced gross revenues for franchise fees by an allocated portion of Billing and Collection expenses. A&S made an adjustment to reverse the deduction. As set out above in the definition, "gross revenue" "... shall not include ... actual bad debt write-offs ..." Comcast is allowed to deduct from billed revenue amounts that are bad debts, i.e. amounts that are billed to subscribers and are ultimately determined to be uncollectible but is not allowed to deduct normal business expenses.

Comcast's Response:

Comcast disagrees with the auditor's findings of \$3,084 in franchise fees for Billing and Collections. The deductions made are related to miscellaneous credits issued to customers and not related to bad debt.

b. Other Adjustments to Subscriber Billed Revenues

A&S identified that Comcast reduced gross revenues for franchise fees by credits on subscriber bills associated with subscription to Verizon Wireless service through Comcast, i.e. as a part of the subscriber's package of services. This credit is not affiliated with video service and was reversed in our analyses.

Comcast's Response:

Comcast disagrees with A&S finding of \$359 in franchise fees. The credits being provided to these customers were intended to discount Comcast's services, including video.

Comcast also reduced gross revenues for franchise fees by several items that we have identified as "guarantee credits". These credits are for things such as missed appointments and failure to fix a problem from a service call by its technician. The credits given to subscribers for Comcast's failures in these instances are business expenses. In addition, by decreasing gross revenue for franchise fees by these items Comcast is requiring NMTC to subsidize its operational failures. A&S reversed the deduction for these credits.

Comcast's Response:

Comcast disagrees with the Auditor's findings that \$2,541 in franchise fees are due with respect to "guarantee credits" for issuing customer credits for late or missed appointments. Since a customer credit is actually a reduction of revenue

and is not subject to the calculation of franchise fees, such credits are not to be included in this calculation.

II. MULTISERVICE REVENUES

Comcast identifies a group of revenues that are not specific to any line of service as "Multiservice" and allocates these revenues to video gross revenues based on total billed revenues, i.e. total billed video revenues as compared to total billed revenues for all lines of business (video, voice, data and security). Our analyses reviewed each of these revenue streams individually.

a. Allocated Adjustments

As stated above, Comcast allocated this category based on total billed gross revenues for lines of business. We identified the direct assignments by Comcast to its lines of business (video, voice, high-speed data and security) with a "miscellaneous" or "other" category for unassigned credits. These remaining amounts were then allocated to video based on the overall percentage of video billed revenue to total subscriber billed revenue. The sum of the video direct assignment plus the allocated amount were then compared to the amount determined by Comcast to arrive at the required adjustment.

Comcast's Response:

Comcast disagrees with the auditor's findings for franchise fees for late fees, NSF, convenience fees, early termination fees and whole house maintenance fees. Comcast pays franchise fees only on the portion of the late fee that is attributable to cable service revenue. Our practice of allocating the late fee revenue to the various services provided to the customer is consistent with the guidance in ASC Topic 605 *Revenue Recognition*. ASC Section 605-25-25-1 outlines a 2 step process for evaluating arrangements with multiple deliverables, requiring that companies (a) determine the unit of accounting, that is, whether the arrangement should be divided into separate units of accounting and (b) measure and allocate the arrangement consideration, that is, how the arrangement consideration should be measured and allocated among the separate units of accounting.

Units of Accounting

ASC Section 605-25-25-5 outlines two criteria, both of which are required to be met, in order to determine whether delivered items (products or services) should be considered separate units of accounting:

- a) The delivered items have value to the customer on a standalone basis. Our voice, video & high-speed data products have value to the customer on a standalone basis as they are sold as separate products based on rate cards specified by each cable system, area or region.

- b) If the arrangement includes a general right of return relative to the delivered item or items, is delivery or performance of the undelivered item or items probable and substantially in the control of the vendor. To the extent Comcast sells products in a bundled package (e.g. video & data or a triple-play package of voice, video & data), the services are generally installed / delivered concurrently in a single transaction.

Based on the guidance above, Comcast has concluded that our various products constitute separate units of accounting.

Measurement & Allocation

Once the unit of accounting has been determined, the consideration from the arrangement (i.e., the bundled service offering) must be measured and allocated among the separate units of account. ASC Section 605-25-30-2 provides that:

“Arrangement consideration shall be allocated at the inception of the arrangement to all deliverables on the basis of their relative selling price...When applying the relative selling price method, the selling price for each deliverable shall be determined using vendor-specific objective evidence of selling price, if it exists; otherwise, third-party evidence of selling price...”

ASC Section 605-25-30-6A defines vendor specific evidence of selling price indicating such evidence is limited to “(a) The price charged for a deliverable when it is sold separately or (b) For a deliverable not yet being sold separately, the price established by management having the relevant authority...” Additionally, ASC Section 605-25-30-7 indicates that “contractually stated prices for individual products or services in an arrangement with multiple deliverables shall not be presumed to be representative of vendor-specific objective evidence, third-party evidence, or a vendor’s best estimate of selling price.”

Application to Late Fees, NSF Fees & Convenience Fees

Comcast allocates revenues to each of the products sold in a package (i.e., the units of accounting) ratably based on the prices for those services as specified in our rate cards when those products are sold on a standalone basis, excluding the effects of one-time or short-term promotional offers. Similarly, late fees are allocated to each of the units of accounting within the multi-product bundles in accordance with the amount of revenue allocated to each of those units of accounting. Comcast’s allocation of revenues, and associated late fees, is entirely consistent with the guidance quoted above which requires that Comcast

allocate the consideration from our customer arrangements to all units of accounting based on their relative selling prices.

ASC 606 Considerations

Effective January 1, 2018, Comcast was required to adopt the provisions of the new FASB revenue standard ASC *Revenue from Contracts with Customers*. ASC 606 prescribes a 5-step process for identifying & allocating revenue to performance obligations and for recognizing revenue as those performance obligations are satisfied. The 5 steps in the new model are:

1. Identify the contract with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price
5. Recognize revenue as the performance obligations are satisfied

As compared with the existing GAAP standard (ASC 605) ASC 606 provides additional clarity surrounding several topics including (a) identification of performance obligations in a contract, (b) determining whether such performance obligations are distinct or non-distinct, (c) determining the standalone selling prices ("SSP's") for the various performance obligations in the contract and (d) allocation of revenue from the arrangement to each of the performance obligations based on standalone selling prices.

As it pertains to late fees, NSF fees & convenience fees, the key question to be answered is whether such fees represent a charge for a distinct good or service, or whether such charges are non-distinct and hence need to be combined with other performance obligations in the determination and allocation of the transaction price, prior to the recognition of revenue.

Relative to identifying performance obligations, ASC 606-10 states:

25-14 At contract inception, an entity shall assess the goods and services promised in a contract with a customer and shall identify as a performance obligation each promise to transfer to the customer either:

- a. A good or service (or a bundle of goods and services) that is distinct*
- b. A series of distinct good or services that are substantially the same and that have the same pattern of transfer to the customer*

As explained within the Basis of Conclusions for the new revenue standard, the principle of distinct goods and services will assist in identifying a separate performance obligation. As such, the criteria in paragraph 606-10-25-19 must be met to determine whether the goods or services are separate and distinct.

25-19 A good or service that is promised to a customer is distinct if both the following criteria are met:

- a. *The customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (that is, the good or service is capable of being distinct).*
- b. *The entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the promise to transfer the good or service is distinct within the context of the contract).*

The concept of distinct vs. non-distinct performance obligations in ASC 606 is conceptually similar to the determination of whether a good or service constituted a separate unit of account under ASC 605. Since a customer cannot benefit from the late fee (or other convenience or similar fees) on its own, or together with other resources that are readily available to the customer, it is clear that such fees represent a non-distinct performance obligation. As per the model above, once the performance obligations have been identified, the transaction price is then allocated to each distinct performance obligation. ASC 606-10 provides guidance on allocating the transaction price to the various performance obligations in a contract indicating (relevant sections bolded for emphasis):

32-36 A customer receives a discount for purchasing a bundle of goods or services if the sum of the standalone selling prices of those promised goods or services in the contract exceeds the promised consideration in a contract. Except when an entity has observable evidence in accordance with paragraph 606-10-32-37 that the entire discount relates to only one or more, but not all, performance obligations in a contract, the entity shall allocate a discount proportionately to all performance obligations in the contract. The proportionate allocation of the discount in those circumstances is a consequence of the entity allocating the transaction price to each performance obligation on the basis of the relative standalone selling prices of the underlying distinct goods or services.

32-37 An entity shall allocate a discount entirely to one or more, but not all, performance obligations in the contract if all of the following criteria are met:

- a. *The entity regularly sells each distinct good or service (or each bundle of distinct goods or services) in the contract on a standalone basis.*
- b. *The entity also regularly sells on a standalone basis a bundle (or bundles) of some of those distinct goods or services at a discount to the standalone selling prices of the goods or services in each bundle.*
- c. *The discount attributable to each bundle of goods or services described in (b) is substantially the same as the discount in the contract, and an analysis of the goods or services in each bundle provides observable evidence of the performance obligation (or performance obligations) to which the entire discount in the contract belongs.*

Applying the guidance above, since we do not sell late fees (or other similar fees) separately on a standalone basis, and in light of the guidance 606-10-25-19 (c) which indicates a good or service is not capable of being distinct if the customer cannot benefit from the good or service either on its own, or together with other resources that are readily available to the customer, it is clear that late fees cannot be considered a separate performance obligation and must be combined for allocation purposes with the other performance obligations contained in the contract with the customer.

With respect to our multi-product bundles, we sell various combinations of services that are sold on a standalone basis, to the customer, for a combined, discounted price. In such instances, the new revenue standard requires that we allocate the discount inherent in such bundles proportionately to all of the underlying distinct performance obligations in the contract on the basis of the relative standalone selling prices for those underlying distinct goods or services.

Given that late fees (or other similar fees) are not distinct performance obligations, such fees cannot be separated from the related services to which they pertain. In the case of a multi-product bundle, the late fee is charged with the objective of collecting the entire amount due from the customer, not collecting or otherwise recovering amounts due for any of the component distinct products or services. As a result, the revenue associated with late fees are allocated in the same manner in which the discount (and the related revenues) on the multi-product bundle is allocated – i.e. in proportion to the standalone selling prices of the component distinct performance obligations. Comcast's allocation of bundle discounts and bundled services revenues, as well as the associated late fees, is entirely consistent with the guidance quoted above from the new revenue standard. To suggest that such revenues should be allocated to a single performance obligation in a bundled arrangement containing multiple performance obligations is not supported under the new revenue standard nor is it consistent with the objective of assessing the late fee.

b. Convenience Fees

Convenience fees are administrative fees charged to subscribers when they contact Comcast. Examples include discussing or paying the bill and getting copies of bills. Comcast allocates these revenues based on total billed gross revenues. However, these charges are not related to and have no relationship to total billed gross revenues but are related to the subscriber's receipt of a bill. The charges are the same whether the customer has one line of service or multiple lines of service. Until Comcast provides data on the actual services billed associated with these revenues, it is our opinion that 100% of these revenues should be included in video gross revenues.

Comcast's Response:

Comcast disagrees with the auditor's findings of \$1,795 in franchise fees due. Please refer to Comcast's response to II(a) above.

c. Early Termination Fees

As stated above, Comcast allocated a portion of this category based on total billed gross revenues and made direct assignments of the remaining portion. We do not have a basis for how the direct assignments were made. We identified the direct assignments by Comcast to its lines of business (video, voice, high-speed data and security) with a "miscellaneous" or "other" category for unassigned credits. These remaining amounts were then allocated to video based on the overall percentage of video billed revenue to total subscriber billed revenue. The sum of the video direct assignment plus the allocated amount were then compared to the amount determined by Comcast to arrive at the required adjustment.

Comcast's Response:

Comcast disagrees with the auditor's findings of \$10,685 in franchise fees due. Please refer to Comcast's response to II(a) above.

d. Late Fees

Late fees are administrative fees charged to subscribers when they are late paying their bill. Comcast allocates these revenues based on total billed gross revenues. However, these charges are not related to total billed gross revenues but are related to the bill. The charges are the same whether the customer has one line of service or multiple lines of service. Until Comcast provides data on the actual services billed on the associated with these revenues, it is our opinion that 100% of these revenues should be included in video gross revenues.

Comcast's Response:

Comcast disagrees with the auditor's findings of \$13,555 in franchise fees due. Please refer to Comcast's response in II(a) above.

e. NSF Fees

NSF fees are administrative fees charged to subscribers when their payment is returned by the bank or the credit card charge was not valid. Comcast allocates these revenues based on total billed gross revenues. However, these charges are not related to total billed gross revenues but are instead related to the bill. The charges are the same whether the customer has one line of service or multiple lines of service. Until Comcast provides data on the actual services billed on the associated with these revenues, it is our opinion that 100% of these revenues should be included in video gross revenues.

Comcast's Response:

Comcast disagrees with the auditor's findings of \$1,104 in franchise fees due. Please refer to Comcast's response in II(a) above.

f. Whole House Maintenance

Comcast offers to subscribers the Service Protection Plan (SPP). It is basically insurance in case there is a wiring problem that interferes with service. Comcast allocates these revenues based on total billed gross revenues. However, these charges are not related to total billed gross revenues. Over the history of this revenue stream, Comcast has identified and differentiated whether the customer was or was not a video subscriber. When that data was available, A&S included 100% of the revenue associated with video subscribers. Comcast no longer differentiates these revenue streams but chooses to allocate the total based on gross revenues. It is our opinion that 100% of these revenues should be included until Comcast provides data on the actual services billed associated with these revenues.

Comcast's Response:

Comcast disagrees with the auditor's findings of \$16,400 in franchise fees due. Please refer to Comcast's response in II(a) above.

III. REVERSE COMCAST NOVEMBER 2017 ACCOUNTING CHANGE

Comcast adopted what it describes as an "adjustment" in November 2017 to reflect a correction in its accrual accounting. The effect of the adjustment, which was implemented nationally by Comcast, was to (1) reduce franchise and PEG fee payments to local franchise authorities to roughly 50% the amount normally paid in that one month and (2) to reduce the taxes and fees components of gross revenues for that one month (franchise fees, PEG fees, FCC fees and video revenue surcharges) by the same 50%. There was not any impact to October 2017 or December 2017. While A&S is in the process of reviewing this adjustment with Comcast, we thought it prudent to make this adjustment until the matter is fully understood and it is resolved if these adjustments were proper. If A&S agrees with Comcast on the veracity of this adjustment, then our report will be supplemented to address these adjustments.

Comcast's Response:

Comcast disagrees with the auditor's findings of \$7,458 in franchise fees for Comcast's November 2017 adjustment.

Ashpaugh and Sculco's (A&S's) report is referring to an enhancement that was made by Comcast's 3rd Party Biller, CSG. Put most simply, prior to November 2017 Comcast paid franchise fees based on both the current month's (earned)

and a future month's (unearned) revenue. Subsequent to November 2017, Comcast pays franchise fees based only on current month earned revenue.

Comcast has provided A&S with documentation from CSG with regard to this enhancement which identified the following:

- Confirmation that taxes and fees previously reported on the month end billing reports (CPSM-318) were derived from total charges (both earned and unearned) during the current month rather than just earned charges;
- Post implementation, the document confirms that the taxes and fees present on the month end billing reports would now only be based upon earned charges during the current month; and
- Identification that a decrease in taxes and fees in the month end billing reports would be noted in the first month post implementation of the billing system enhancement but would return to normal levels in subsequent months.

The earned revenues reported on the month end billing report is the primary source for the gross video related subscriber revenues utilized to calculate our periodic franchise fee payments. This billing system change will ensure that only earned revenues (both earned charges and earned taxes and fees) are reported and utilized for the calculation of franchise fee payments. Therefore, we believe A&S's reversal of these adjustments is inappropriate.

IV. REVERSE COMCAST 2018 GAAP ADJUSTMENT

Comcast implemented effective January 1, 2018 adjustments made monthly to reflect its adoption of the revenue recognition standard in generally accepted accounting principles ("GAAP"). To accomplish this Comcast made adjustments to month end reported bundled revenues from its third-party billing data. A&S was provided limited access to the adjustment and identified numerous errors in the data. The essence of the adjustments shifts revenue from video, subject to franchise fees

A&S was only provided the ultimate calculation which appears to look at each individual bill and assigns values to the bundle components based on (1) the marketing value in the bundle and (2) the rate card price of that component on a standalone basis. In the majority of instances, neither of the assigned values agreed to other data provided by Comcast. In addition, the identification of the bundle components did not match the product codes or the names of the product codes in other standard responses provided by Comcast. These problems alone would bring us to recommend rejection of the adjustments. However, there is another major flaw in Comcast's methodology.

While Comcast is making adjustments to reported revenue, it is not making any adjustments to billed revenue, i.e. the subscriber is being overcharged since taxes and fees on the bill are wrong. Comcast is shifting revenue according to the accounting rules but still charging the same bundle component prices to the customer. Since franchise fees, telephone fees and taxes and sales taxes are or may be based on how

the bundle is divided by the marketing pricing, this means the subscriber is overpaying those taxes and fees, including franchise fees.

Comcast's Response:

Comcast disagrees with the auditor's findings of \$4,789 in franchise fees for the 2018 GAAP adjustment.

Effective January 1, 2018, Comcast's franchise fee payments reflected compliance with the Financial Accounting Standards Board's (FASB) new accounting standard related to revenue recognition. With respect to the GAAP changes, the new accounting standards modified the allocation of revenue among our services included in a bundle that our residential customers purchase at a discount. For more information regarding GAAP's new revenue recognition standard, please see FASB's informational site, http://www.fasb.org/jsp/FASB/Page/ImageBridgePage&cid=1176169257359#section_3

Under the new standard, the discount that a customer receives must be allocated on a pro-rata basis based upon the standalone selling price for all bundled services, non-distinct services as well as discounted individual services where the discount is dependent upon the purchase of other products / services. Comcast's 3rd Party billing system currently cannot accommodate the new revenue recognition standard with regard to the allocation of the discount to services outside of the core bundle present on the customer's account. It is due to this limitation that Comcast had to develop an automated process which reallocates each individual customer's discount based on the standalone selling price of each product / service in order to ensure the revenues reported in its financial statements is consistent with the new standard. This same automated process is also utilized when identifying the gross revenues utilized for the calculation of our periodic franchise fee payments.

The reallocation of each customer's discount is being calculated correctly in accordance with the new standard in all material regards. We believe the discount reallocation amount is properly calculated for the vast majority of customers.

With regard to the alleged overcharging of subscribers for taxes and fees, Comcast also disputes this claim. Since A&S's review was limited to Franchise Fees, we will limit our response to this topic as well. A&S is well aware that Comcast performs an annual recalculation of our Franchise Fee recovery rates for all municipalities. This recalculation is necessary to ensure that any monies that were either over collected and/or under collected are either returned to and/or recovered from customers through an adjustment of each community's franchise fee recovery rate. Therefore, if Comcast over collected franchise fees

in 2018 as a result of these revenue recognition adjustments, Comcast would have also begun returning these funds to customers in 2019 through a reduction in the franchise fee recovery rate.

V. WRITE-OFFS/ RECOVERIES (BAD DEBTS)

Comcast allocates what it identifies as bad debts based on gross revenues. The third-party software data used by Comcast included bad debt expenses for all lines of business but did not separately identify bad debts associated specifically with any line of service. Our analyses summarized this data and then allocated the amounts based on our adjusted gross revenues. We then compared our allocated amounts to the amounts of Comcast in determining gross revenues to arrive at the adjustments shown in Exhibit 1.

Comcast's Response:

Comcast agrees with A&S findings of (\$229) in bad debt.

VI. NON-SUBSCRIBER REVENUES

Comcast included non-subscriber revenues generated from advertising, home shopping and other non-subscriber revenues. A&S obtained and reviewed the amounts from supporting documentation provided by Comcast. Our only adjustment was to advertising revenues discussed below.

a. Advertising Revenues

A&S comported supporting data for the allocation of advertising revenue for the Review Period and identified under-reporting in each year, with the largest adjustment in the first quarter of 2015. The amounts shown in Exhibit 1 are the adjustments to increase gross revenue for franchise fees by the identified underreported issues.

Comcast's Response:

Comcast agrees with the auditor's findings of \$7,753 in franchise fees pertaining to Advertising Revenues.

VII. PEG FEES

NMTC received and continues to receive PEG monthly funding through a per subscriber fee. During the Review Period, the per subscriber rates were \$3.16 from January 2015 through May 2016, \$3.13 June 2016 through December 2017 and \$3.23 January through March 2018. Our review has discovered an underpayment of PEG fees.

A&S compared the number of subscribers used to determine PEG fees to the number of subscribers Comcast used to determine advertising revenue and found differences. The differences were then used to compute the adjustments in PEG fees that resulted in underpayments to NMTC.

In November 2017, Comcast made the accounting adjustment discussed above and reflected this adjustment in its payment of PEG fees related to November 2017. Since payments are made quarterly, the adjustment decreased the January 2018 payment. As shown in the PEG Fee section of Exhibit 1, we have made an adjustment to reverse Comcast's accounting change.

Comcast's Response:

Comcast disagrees with the auditor's findings of \$42,869 in additional PEG due. PEG Fees are paid based on what is collected. Section 6.2.1 of the Franchise Agreement states "...Grantee shall continue to collect and transmit to the Commission the PEG fee from all Subscribers...".

Comcast also disagrees with the auditor's finding of \$28,554 for reversal of the November 2017 Adjustment, please refer to III above.

VIII. INTEREST

The rate used to determine interest on franchise and PEG fee underpayments is the same. NMTC franchise agreement states:

8.3.4 In the event any franchise fee payment or recomputation amount is not made on or before the required date, the Grantee shall pay, during the period such unpaid amount is owed, the additional compensation and interest charges computed from such due date, at an annual rate of ten percent (10%).

Interest was adjusted based on amount of franchise fee that Comcast agrees that are due.

Summary:

After a review of the auditor's findings Comcast believes the amount due is \$6,248 in franchise fees plus \$4,004 in interest for a total of \$10,253 for the review period.



September 25, 2019

Michael Bradley
Bradley Law, LLC
2145 Woodlane Drive, Suite 106
Woodbury, MN 55125

Dear Mike:

I am receipt of your letter dated September 20, 2019 regarding the North Metro Telecommunications Commission Franchise Fee Review Findings, including the Report by A&S ("Report"). In the letter, you request that Comcast provide a response to the Report by Thursday, September 26, 2019.

I understand that the Commission would like to receive our response prior to its next scheduled Operations Committee meeting. I have provided the Report to our accounting team that has been working closely with A&S for months to complete this audit. I have informed them of the Commission's desire to receive a response in less than a week.

Unfortunately, that team is not able to provide a response in the abbreviated timeline that has been requested. Comcast intends to provide the Commission with a thorough, accurate response to the Report's findings. The only way we can do that is to review to the workpapers that support the findings in the Report. Without that proper context we have no way to accurately respond to the conclusions that A&S reached in the Report.

Garth Aspaugh of A&S has informed Comcast's accounting team that he won't be able to provide the workpapers to Comcast until next week. Therefore, we respectfully request that the Commission consider its response to the Report at its next Operations Committee meeting, in order to allow Comcast the time needed to provide a detailed response based on the facts necessary to do so.

Sincerely,

A handwritten signature in black ink, appearing to be 'K. Werner', with a long horizontal flourish extending to the right.

Karly Werner
Sr. Director, Government Affairs
651-493-5777

Cc: Ms. Heidi Arnson (via email)

Staff Memo
Franchise Fee Review

In 2018, the Commission, in conjunction with several other local franchising authorities in the area, engaged the financial consulting firm of Ashpaugh&Sculco ("A&S") to conduct a franchise fee and PEG fee review of Comcast for the period covering January 1, 2015 to March 31, 2018. The A&S Report is attached. The A&S Report concludes that Comcast has underpaid the Commission a total of \$185,165 in franchise fee and PEG fee payments including interest through the end of this year. A&S recommends pursuing the underpayment from Comcast.

Based upon the A&S Report, we recommend the following action:

- Receive and file the A&S Report;
- Authorize A&S to share its workpapers with Comcast;
- Share the A&S Report with Comcast and request any response a week before the Operations Committee meets.
- Review and consideration by the Operations Committee
- Review and consideration by the Executive Committee
- Review and consideration by the Commission.



ASHPAUGH & SCULCO, CPAs, PLC
Certified Public Accountants and Consultants

September 11, 2019

Michael R. Bradley, Esquire
Bradley Law, LLC
2145 Woodlane Drive, Suite 106
Woodbury, MN 55125

Subject: Review of the Franchise and PEG Fees Paid by Comcast to North Metro Telecommunications Commission, Minnesota (NMTC)

Dear Mr. Bradley:

Ashpaugh & Sculco, CPAs, PLC was engaged by your firm to review franchise and PEG fees paid by Comcast to the North Metro Telecommunications Commission, Minnesota (NMTC) for the period of January 1, 2015 to March 31, 2018. Our findings and conclusions regarding this review are discussed in the attached report. To review the franchise and PEG fees paid by Comcast, A&S performed the Scope of Work included on page two of this letter report.

This letter report is intended solely for on behalf of and for the use of the NMTC, is not intended to be, and should not be used by anyone other than these specified parties. We appreciate the opportunity to be of service to you. If you have any questions, please do not hesitate to call us at (407) 645-2020.

Sincerely,

ASHPAUGH & SCULCO, CPAS, PLC

Ashpaugh & Sculco, CPAs, PLC

Cc: Carolyn Sculco, Ashpaugh & Sculco, CPAs, PLC

REVIEW OF FRANCHISE AND PEG FEES PAID BY COMCAST
TO NORTH METRO TELECOMMUNICATIONS COMMISSION (NMTC)

SUMMARY

Ashpaugh & Sculco, CPAs, PLC (A&S) was engaged to review the franchise and PEG fees paid by Comcast to the North Metro Telecommunications Commission, Minnesota (NMTC) for the period of January 1, 2015 through March 31, 2018 (the "Review Period"). The purpose of our review was to determine whether Comcast was in conformance with the franchise agreement between Comcast and NMTC.

In accordance with the franchise agreement, franchise fees are 5.0% of Comcast's gross video revenues in the NMTC member cities. As explained in the following and shown in Table 1, and in more detail in Exhibit 1 to this report, our analyses have identified additional franchise fees owed by Comcast to NMTC, including interest, of \$93,522 for the Review Period.

TABLE 1

| | 2015 | 2016 | 2017 | 01/01/18 03/31/18 | Total |
|--|-------------|-------------|-------------|------------------------------|--------------|
| Additional Franchise Fees Owed | 22,306 | 15,966 | 22,402 | 8,620 | 69,294 |
| Interest on Underpayment to December 31, 2019 | 11,700 | 5,905 | 5,134 | 1,488 | 24,228 |
| Total Owed with Penalty & Interest | 34,006 | 21,871 | 27,536 | 10,109 | 93,522 |

Concerning PEG fees and as explained in the following and shown in Table 2, our analyses have identified additional PEG fees owed by Comcast to NMTC, including interest, of \$91,643 for the Review Period. PEG fees are not based on gross revenues. Instead, Comcast was to pay varying rates per subscriber per month in PEG fees that are identified in this report in the discussion under PEG Fees.

TABLE 2

| | 2015 | 2016 | 2017 | 01/01/18 03/31/18 | Total |
|--|-------------|-------------|-------------|------------------------------|--------------|
| Additional PEG Fees Owed | 11,553 | 12,746 | 38,642 | 8,482 | 71,423 |
| Interest on Underpayment to December 31, 2019 | 5,877 | 4,704 | 8,174 | 1,465 | 20,220 |
| Total Owed with Penalty & Interest | 17,430 | 17,450 | 46,816 | 9,946 | 91,643 |

SCOPE OF WORK

A&S was not engaged to and did not perform an audit of Comcast, the objective of which would be the expression of an opinion that the financial statements provide a representation of the operations for the period reviewed. Accordingly, we do not express such an opinion. Had A&S performed such additional procedures, other matters might have come to our attention that would have been reported to NMTC. This report relates only to a review of Comcast's gross revenues used to calculate franchise fees and the per subscriber determination of PEG fees and does not extend to any financial statements of Comcast or NMTC. A&S has relied solely on information provided to us by NMTC and Comcast.

A&S reviewed the franchise and PEG fees paid by Comcast to NMTC to determine whether Comcast complied with the franchise agreement. Our conclusions are based on data responses,

REVIEW OF FRANCHISE AND PEG FEES PAID BY COMCAST TO NORTH METRO TELECOMMUNICATIONS COMMISSION (NMTC)

accounting records, and interviews provided by NMTC and Comcast. A&S performed the following Scope of Work:

SCOPE OF WORK

Project Kick-Off

1. Contact the NMTC's staff and legal counsel to obtain documentation required to kick-off the project.
2. Review the franchise agreement to gain an understanding of the definition of gross revenues and determination of franchise and PEG fees.
3. Submit initial data request to Comcast requesting information related to the review period. During the project, if needed, submit additional data requests to Comcast.
4. Execute non-disclosure agreement with Comcast. A&S has executed numerous NDAs with Comcast.
5. Correspond with the NMTC, legal counsel and Comcast, as required via phone and email, to obtain documentation, resolve issues, provide periodic updates on the status of projects, and obtain any appropriate assistance.

General Steps

6. Recalculate the franchise and PEG fees paid to the NMTC for the review period.
7. Identify each revenue type or source that Comcast did not include in the determination of franchise and PEG fees remitted to the NMTC for the review period.
8. Ensure that gross revenues recorded on the general ledger are included in the gross revenues reported to the NMTC in accordance with the franchise agreement.

Subscriber Revenues

9. Reconcile subscriber revenues reported to the NMTC to revenues on third-party billing data.
10. Review non-sufficient funds fees, late fees, and "multi-service fees" to ensure that they were correctly included in the gross revenues reported to the NMTC.
11. Review bad debt expense and bad debt recoveries reported to the NMTC.
12. Request and review detail from Comcast regarding:
 - a. Identification of bundled packages offered;
 - b. Parsing of bundled price among the bundled products; and,
 - c. Determination of franchise and PEG fees on applicable portions of the bundle.
13. Review monthly subscriber counts. If there are significant changes in subscriber counts, obtain an explanation from Comcast. Investigate unusual discrepancies.

REVIEW OF FRANCHISE AND PEG FEES PAID BY COMCAST
TO NORTH METRO TELECOMMUNICATIONS COMMISSION (NMTC)

Non-Subscriber Revenues

14. Reconcile and recalculate allocation of non-subscriber revenues to ensure that they were correctly included in gross revenues reported to the NMTC.
15. Reconcile and recalculate advertising revenues reported in franchise fee payments to data provided by Comcast. Ensure that Comcast reported advertising revenues to the NMTC in accordance with the definition of gross revenues.
16. Review any "contra-expenses" recorded by Comcast to ensure that amounts were reported to the NMTC in accordance with the definitions of gross revenues.

Summarize Results and Issue Final Reports

17. Develop spreadsheet models that include the following calculations:
 - a. Compare franchise and PEG fees reported to the NMTC to calculations by A&S, by category of revenues.
 - b. Calculate under/overpayment of amounts due to the NMTC, interest charges and any other applicable fees.
18. Submit final report to the NMTC. The final report that will include a recalculation of the franchise and PEG fees, any deficiencies and interest charges due to the NMTC.

REVIEW OF FRANCHISE FEES

In conformance with Comcast's franchise agreement, A&S reviewed the gross revenues utilized to determine the franchise fees paid by Comcast to NMTC.

The franchise agreement states:

1.2.17 "Gross Revenues" means any and all revenues arising from or attributable to, or in any way derived directly or indirectly by the Grantee or its Affiliates, subsidiaries, or parent, or by any other entity that is a cable operator of the System, from the operation of the Grantee's System to provide Cable Services (including cash, credits, property or other consideration of any kind or nature). Gross Revenues include, by way of illustration and not limitation, monthly fees charged to Subscribers for any basic, optional, premium, per-channel, or per-program service, or other Cable Service including, without limitation, Installation, disconnection, reconnection, and change-in-service fees; Lockout Device fees; Leased Access Channel fees; late fees and administrative fees; fees, payments or other consideration received from programmers for carriage of programming on the System and accounted for as revenue under GAAP; revenues from rentals or sales of Converters or other equipment; fees related to commercial and institutional usage of the System or the I-Net; advertising revenues; interest; barter; revenues from program guides; franchise fees; and revenues to the System from home shopping, bank-at-home channels and other revenue sharing arrangements. Gross Revenues shall include revenues received by an entity other than the Grantee, an Affiliate or another entity that operates the System where necessary to prevent evasion or avoidance of the Grantee's obligation under this Franchise to pay the franchise fee. Gross Revenues shall not include: (i) to the extent consistent with generally accepted accounting principles, actual bad debt

write-offs, provided, however, that all or part of any such actual bad debt that is written off but subsequently collected shall be included in Gross Revenues in the period collected; (ii) any taxes on services furnished by the Grantee imposed by any municipality, state or other governmental unit, provided that franchise fees shall not be regarded as such a tax; (iii) FCC regulatory fees; (iv) Subscriber credits, adjustments or refunds; (v) PEG Fees; or (vi) refundable Subscriber deposits. As previously stated in the definition of "Cable Services" as to cable modem service, the parties agree to comply with future applicable federal or State law or regulation as to the inclusion of fees for such service being included or excluded from the definition of "Gross Revenues."

1.2.35 "Subscriber" means any Person that lawfully receives service via the System with the Grantee's express permission. In the case of multiple office buildings or multiple dwelling units, the term "Subscriber" means the lessee, tenant or occupant.

8.3. Franchise Fee.

8.3.1 During the term of the Franchise, the Grantee shall pay quarterly to the City or its delegatee a Franchise fee in an amount equal to five percent (5%) of its Gross Revenues.

8.3.2 Any payments due under this provision shall be payable quarterly. The payment shall be made within thirty (30) days of the end of each of Grantee's fiscal quarters together with a report showing the basis for the computation. The City or the Commission shall have the right to require further supporting information for each franchise fee payment.

I. SUBSCRIBER REVENUES

Comcast earns the substantial portion of its revenues from monthly cable television subscriber charges and reports the revenues from these charges to NMTC on the accrual basis. Monthly cable subscriber revenues include amounts received for programming (basic, digital, high-definition), premium channels, DVR revenues, franchise fee revenues, pay-per-view, installation charges, channel guides, equipment lease rentals, late fees, returned check fees and other miscellaneous charges.

A&S recalculated the monthly subscriber revenues utilizing the same data as Comcast for reporting cable revenues to NMTC and reconciled the amounts to the franchise fee payments. A&S identified the following discrepancies in reported subscriber revenues.

a. Reverse Deduction for Billing and Collection Expenses

Comcast reduced gross revenues for franchise fees by an allocated portion of Billing and Collection expenses. A&S made an adjustment to reverse the deduction. As set out above in the definition, "gross revenue" "... shall not include ... actual bad debt write-offs ..." Comcast is allowed to deduct from billed revenue amounts that are bad debts, i.e. amounts that are billed to subscribers and are ultimately determined to be uncollectible but is not allowed to deduct normal business expenses.

b. Other Adjustments to Subscriber Billed Revenues

A&S identified that Comcast reduced gross revenues for franchise fees by credits on subscriber bills associated with subscription to Verizon Wireless service through Comcast, i.e. as a part of the subscriber's package of services. This credit is not affiliated with video service and was reversed in our analyses.

Comcast also reduced gross revenues for franchise fees by several items that we have identified as "guarantee credits". These credits are for things such as missed appointments and failure to fix a problem from a service call by its technician. The credits given to subscribers for Comcast's failures in these instances are business expenses. In addition, by decreasing gross revenue for franchise fees by these items Comcast is requiring NMTC to subsidize its operational failures. A&S reversed the deduction for these credits.

II. MULTISERVICE REVENUES

Comcast identifies a group of revenues that are not specific to any line of service as "Multiservice" and allocates these revenues to video gross revenues based on total billed revenues, i.e. total billed video revenues as compared to total billed revenues for all lines of business (video, voice, data and security). Our analyses reviewed each of these revenue streams individually.

a. Allocated Adjustments

As stated above, Comcast allocated this category based on total billed gross revenues for lines of business. We identified the direct assignments by Comcast to its lines of business (video, voice, high-speed data and security) with a "miscellaneous" or "other" category for unassigned credits. These remaining amounts were then allocated to video based on the overall percentage of video billed revenue to total subscriber billed revenue. The sum of the video direct assignment plus the allocated amount were then compared to the amount determined by Comcast to arrive at the required adjustment.

b. Convenience Fees

Convenience fees are administrative fees charged to subscribers when they contact Comcast. Examples include discussing or paying the bill and getting copies of bills. Comcast allocates these revenues based on total billed gross revenues. However, these charges are not related to and have no relationship to total billed gross revenues but are related to the subscriber's receipt of a bill. The charges are the same whether the customer has one line of service or multiple lines of service. Until Comcast provides data on the actual services billed associated with these revenues, it is our opinion that 100% of these revenues should be included in video gross revenues.

c. Early Termination Fees

As stated above, Comcast allocated a portion of this category based on total billed gross revenues and made direct assignments of the remaining portion. We do not have a basis for how the direct assignments were made. We identified the direct assignments by Comcast to its lines of business (video, voice, high-speed data and security) with a "miscellaneous" or "other" category for unassigned credits. These remaining amounts were then allocated to video based on the overall percentage of video billed revenue to total subscriber billed revenue. The sum of the video direct

assignment plus the allocated amount were then compared to the amount determined by Comcast to arrive at the required adjustment.

d. Late Fees

Late fees are administrative fees charged to subscribers when they are late paying their bill. Comcast allocates these revenues based on total billed gross revenues. However, these charges are not related to total billed gross revenues but are related to the bill. The charges are the same whether the customer has one line of service or multiple lines of service. Until Comcast provides data on the actual services billed on the associated with these revenues, it is our opinion that 100% of these revenues should be included in video gross revenues.

e. NSF Fees

NSF fees are administrative fees charged to subscribers when their payment is returned by the bank or the credit card charge was not valid. Comcast allocates these revenues based on total billed gross revenues. However, these charges are not related to total billed gross revenues but are instead related to the bill. The charges are the same whether the customer has one line of service or multiple lines of service. Until Comcast provides data on the actual services billed on the associated with these revenues, it is our opinion that 100% of these revenues should be included in video gross revenues.

f. Whole House Maintenance

Comcast offers to subscribers the Service Protection Plan (SPP). It is basically insurance in case there is a wiring problem that interferes with service. Comcast allocates these revenues based on total billed gross revenues. However, these charges are not related to total billed gross revenues. Over the history of this revenue stream, Comcast has identified and differentiated whether the customer was or was not a video subscriber. When that data was available, A&S included 100% of the revenue associated with video subscribers. Comcast no longer differentiates these revenue streams but chooses to allocate the total based on gross revenues. It is our opinion that 100% of these revenues should be included until Comcast provides data on the actual services billed associated with these revenues.

III. REVERSE COMCAST NOVEMBER 2017 ACCOUNTING CHANGE

Comcast adopted what it describes as an “adjustment” in November 2017 to reflect a correction in its accrual accounting. The effect of the adjustment, which was implemented nationally by Comcast, was to (1) reduce franchise and PEG fee payments to local franchise authorities to roughly 50% the amount normally paid in that one month and (2) to reduce the taxes and fees components of gross revenues for that one month (franchise fees, PEG fees, FCC fees and video revenue surcharges) by the same 50%. There was not any impact to October 2017 or December 2017. While A&S is in the process of reviewing this adjustment with Comcast, we thought it prudent to make this adjustment until the matter is fully understood and it is resolved if these adjustments were proper. If A&S agrees with Comcast on the veracity of this adjustment, then our report will be supplemented to address these adjustments.

IV. REVERSE COMCAST 2018 GAAP ADJUSTMENT

Comcast implemented effective January 1, 2018 adjustments made monthly to reflect its adoption of the revenue recognition standard in generally accepted accounting principles ("GAAP"). To accomplish this Comcast made adjustments to month end reported bundled revenues from its third-party billing data. A&S was provided limited access to the adjustment and identified numerous errors in the data. The essence of the adjustments shifts revenue from video, subject to franchise fees

A&S was only provided the ultimate calculation which appears to look at each individual bill and assigns values to the bundle components based on (1) the marketing value in the bundle and (2) the rate card price of that component on a standalone basis. In the majority of instances, neither of the assigned values agreed to other data provided by Comcast. In addition, the identification of the bundle components did not match the product codes or the names of the product codes in other standard responses provided by Comcast. These problems alone would bring us to recommend rejection of the adjustments. However, there is another major flaw in Comcast's methodology.

While Comcast is making adjustments to reported revenue, it is not making any adjustments to billed revenue, i.e. the subscriber is being overcharged since taxes and fees on the bill are wrong. Comcast is shifting revenue according to the accounting rules but still charging the same bundle component prices to the customer. Since franchise fees, telephone fees and taxes and sales taxes are or may be based on how the bundle is divided by the marketing pricing, this means the subscriber is overpaying those taxes and fees, including franchise fees.

V. WRITE-OFFS / RECOVERIES (BAD DEBTS)

Comcast allocates what it identifies as bad debts based on gross revenues. The third-party software data used by Comcast included bad debt expenses for all lines of business but did not separately identify bad debts associated specifically with any line of service. Our analyses summarized this data and then allocated the amounts based on our adjusted gross revenues. We then compared our allocated amounts to the amounts of Comcast in determining gross revenues to arrive at the adjustments shown in Exhibit 1.

VI. NON-SUBSCRIBER REVENUES

Comcast included non-subscriber revenues generated from advertising, home shopping and other non-subscriber revenues. A&S obtained and reviewed the amounts from supporting documentation provided by Comcast. Our only adjustment was to advertising revenues discussed below.

a. Advertising Revenues

A&S compared supporting data for the allocation of advertising revenue for the Review Period and identified under-reporting in each year, with the largest adjustment in the first quarter of 2015. The amounts shown in Exhibit 1 are the adjustments to increase gross revenue for franchise fees by the identified underreported issues.

VII. PEG FEES

NMTC received and continues to receive PEG monthly funding through a per subscriber fee. During the Review Period, the per subscriber rates were \$3.16 from January 2015 through May 2016, \$3.13 June 2016 through December 2017 and \$3.23 January through March 2018. Our review has discovered an underpayment of PEG fees.

A&S compared the number of subscribers used to determine PEG fees to the number of subscribers Comcast used to determine advertising revenue and found differences. The differences were then used to compute the adjustments in PEG fees that resulted in underpayments to NMTC.

In November 2017, Comcast made the accounting adjustment discussed above and reflected this adjustment in its payment of PEG fees related to November 2017. Since payments are made quarterly, the adjustment decreased the January 2018 payment. As shown in the PEG Fee section of Exhibit 1, we have made an adjustment to reverse Comcast's accounting change.

VIII. INTEREST

The rate used to determine interest on franchise and PEG fee underpayments is the same. NMTC franchise agreement states:

8.3.4 In the event any franchise fee payment or recomputation amount is not made on or before the required date, the Grantee shall pay, during the period such unpaid amount is owed, the additional compensation and interest charges computed from such due date, at an annual rate of ten percent (10%).

IX. CONCLUSION

A&S recommends pursuing total payment of \$185,165 from Comcast for underpayment of the franchise fees in the amount of \$93,522 and PEG fees in the amount of \$91,643 for the Review Period. It is reasonable to assume that some of the findings noted in this report could apply to franchise and PEG fee payments after March 2018. It should also be noted that Comcast's GAAP adjustment methodology was used for all of 2018 and to date in 2019. A&S proposes that NMTC request that Comcast maintain all financial records related to the determination of franchise and PEG fees in case NMTC decides to review additional periods later. The financial records should include all accounting records, general ledgers, analyses, number of subscribers, and supporting detail for advertising revenues. It is imperative to maintain these records because clerical errors, changes in accounting methods or unique situations that would not surface during the year may be discovered under direct question and analyses.

North Metro Telecommunications Commission

Review of Comcast Franchise Fees

January 1, 2015 - March 31, 2018

| Franchise Fees | 2015 | 2016 | 2017 | 01/01/18 to 03/31/18 | Total Period |
|---|------------|------------|------------|-------------------------|--------------|
| Total Gross Revenues per Comcast | 23,003,070 | 24,439,921 | 25,624,411 | 6,069,178 | 79,136,581 |
| Add Back - | | | | | |
| Billing & Collection | 9,421 | 16,926 | 27,926 | 7,400 | 61,674 |
| Verizon Credits | 3,965 | 2,680 | 525 | - | 7,170 |
| Comcast Guarantee Credits | 13,459 | 14,742 | 18,486 | 4,139 | 50,826 |
| Adjust to 100% - | | | | | |
| Whole House Maintenance | 101,117 | 104,398 | 98,751 | 23,729 | 327,995 |
| NSF Fees | 6,999 | 6,198 | 7,318 | 1,564 | 22,080 |
| Late Fees | 82,220 | 80,759 | 85,272 | 22,854 | 271,105 |
| Convenience Fees | 14,518 | 10,961 | 8,522 | 1,904 | 35,904 |
| Early Termination Fee | 60,166 | 69,182 | 68,695 | 15,655 | 213,699 |
| Reverse Comcast November 2017 Adjustment | | | | | |
| Franchise Fees | - | - | 51,209 | - | 51,209 |
| Video Surcharges | - | - | 97,961 | - | 97,961 |
| Reverse Comcast 2018 GAAP Adjustment | - | - | - | 95,781 | 95,781 |
| Adjust Bad Debts | (749) | 13,415 | (16,630) | (618) | (4,581) |
| Adjust Advertising | 155,002 | 60 | 0 | - | 155,062 |
| Total Adjustments | 446,119 | 319,321 | 448,035 | 172,408 | 1,385,883 |
| Total Adjusted Gross Revenues | 23,449,189 | 24,759,242 | 26,072,447 | 6,241,586 | 80,522,464 |
| Additional Franchise Fees Due | 22,306 | 15,966 | 22,402 | 8,620 | 69,294 |
| Interest Due (10% annual rate to Dec. 31, 2019) | 11,700 | 5,905 | 5,134 | 1,488 | 24,228 |
| Total Additional Amount Due | 34,006 | 21,871 | 27,536 | 10,109 | 93,522 |

| PEG Fees | 2015 | 2016 | 2017 | 01/01/18 to 03/31/18 | Total Period |
|--|---------|---------|---------|-------------------------|--------------|
| Total Payments by Comcast | 748,088 | 750,537 | 726,339 | 190,486 | 2,415,450 |
| Adjustment for subscribers | 11,553 | 12,746 | 10,089 | 8,482 | 42,869 |
| Reverse 11-2017 Adjustment to payment | - | - | 28,554 | - | 28,554 |
| Total Adjustments | 11,553 | 12,746 | 38,642 | 8,482 | 71,423 |
| Interest Due (Quarterly Payments, 10% annual to Dec. 31, 2019) | 5,877 | 4,704 | 8,174 | 1,465 | 20,220 |
| Total Additional Amount Due | 17,430 | 17,450 | 46,816 | 9,946 | 91,643 |

Total Due (Franchise Fees, PEG Fees and Interest)

185,165

NMTC By Issue

| Franchise Fees | 2015 | 2016 | 2017 | 01/01/18 to 03/31/18 | Total Period |
|--|--------|--------|--------|-------------------------|--------------|
| Add Back - | | | | | |
| Billing & Collection | 471 | 846 | 1,396 | 370 | 3,084 |
| Verizon Credits | 198 | 134 | 26 | 0 | 359 |
| Comcast Guarantee Credits | 673 | 737 | 924 | 207 | 2,541 |
| Adjust to 100% - | | | | | |
| Whole House Maintenance | 5,056 | 5,220 | 4,938 | 1,186 | 16,400 |
| NSF Fees | 350 | 310 | 366 | 78 | 1,104 |
| Late Fees | 4,111 | 4,038 | 4,264 | 1,143 | 13,555 |
| Convenience Fees | 726 | 548 | 426 | 95 | 1,795 |
| Early Termination Fee | 3,008 | 3,459 | 3,435 | 783 | 10,685 |
| Reverse Comcast November 2017 Adjustment | | | | | |
| Franchise Fees | 0 | 0 | 2,560 | 0 | 2,560 |
| Video Surcharges | 0 | 0 | 4,898 | 0 | 4,898 |
| Reverse Comcast 2018 GAAP Adjustment | 0 | 0 | 0 | 4,789 | 4,789 |
| Adjust Bad Debts | (37) | 671 | (831) | (31) | (229) |
| Adjust Advertising | 7,750 | 3 | 0 | 0 | 7,753 |
| Additional Franchise Fees Due | 22,306 | 15,966 | 22,402 | 8,620 | 69,294 |

| Interest | 2015 | 2016 | 2017 | 01/01/18 to 03/31/18 | Total Period |
|---|--------|-------|-------|-------------------------|--------------|
| Add Back - | | | | | |
| Billing & Collection | 247 | 313 | 320 | 64 | 944 |
| Verizon Credits | 104 | 50 | 6 | - | 160 |
| Comcast Guarantee Credits | 353 | 273 | 212 | 36 | 873 |
| Adjust to 100% - | | | | | |
| Whole House Maintenance | 2,652 | 1,931 | 1,132 | 205 | 5,919 |
| NSF Fees | 184 | 115 | 84 | 14 | 396 |
| Late Fees | 2,156 | 1,493 | 977 | 197 | 4,824 |
| Convenience Fees | 381 | 203 | 98 | 16 | 698 |
| Early Termination Fee | 1,578 | 1,279 | 787 | 135 | 3,780 |
| Reverse Comcast November 2017 Adjustment | | | | | |
| Franchise Fees | - | - | 587 | - | 587 |
| Video Surcharges | - | - | 1,122 | - | 1,122 |
| Reverse Comcast 2018 GAAP Adjustment | - | - | - | 827 | 827 |
| Adjust Bad Debts | (20) | 248 | (191) | (5) | 33 |
| Adjust Advertising | 4,065 | 1 | 0 | - | 4,066 |
| Interest on Additional Franchise Fees Due | 11,700 | 5,905 | 5,134 | 1,488 | 24,228 |

| Total | 2015 | 2016 | 2017 | 01/01/18 to 03/31/18 | Total Period |
|--|--------|--------|---------|-------------------------|--------------|
| Add Back - | | | | | |
| Billing & Collection | 718 | 1,159 | 1,716 | 434 | 4,028 |
| Verizon Credits | 302 | 184 | 32 | - | 518 |
| Comcast Guarantee Credits | 1,026 | 1,010 | 1,136 | 243 | 3,414 |
| Adjust to 100% - | | | | | |
| Whole House Maintenance | 7,708 | 7,150 | 6,069 | 1,391 | 22,319 |
| NSF Fees | 534 | 425 | 450 | 92 | 1,500 |
| Late Fees | 6,267 | 5,531 | 5,241 | 1,340 | 18,379 |
| Convenience Fees | 1,107 | 751 | 524 | 112 | 2,493 |
| Early Termination Fee | 4,586 | 4,738 | 4,222 | 918 | 14,465 |
| Reverse Comcast November 2017 Adjustment | | | | | |
| Franchise Fees | - | - | 3,147 | - | 3,147 |
| Video Surcharges | - | - | 6,021 | - | 6,021 |
| Reverse Comcast 2018 GAAP Adjustment | - | - | - | 5,616 | 5,616 |
| Adjust Bad Debts | (57) | 919 | (1,022) | (36) | (197) |
| Adjust Advertising | 11,815 | 4 | 0 | - | 11,819 |
| Total Franchise Fees & Interest Due | 34,006 | 21,871 | 27,536 | 10,109 | 93,522 |

NORTH METRO TV

TO: OPERATIONS COMMITTEE/CABLE COMMISSION
FROM: HEIDI ARNSON
SUBJECT: THIRD REPORT AND ORDER APPEAL UPDATE
DATE: 11/13/2019

Motion for Stay filed with the FCC

- Motion was filed on October 7th, 2019
- Commission attorney Mike Bradley, along with other coalition members, drafted and edited the Motion.
- Motion was filed by a coalition including:
 - The National League of Cities
 - The United States Conference of Mayors
 - The National Association of Regional Councils
 - The National Association of Towns and Townships
 - The National Association of Telecommunications Officers and Advisors
- Requested that the FCC delay the effective date of the cable franchise order until the appeals of the order have been resolved.
- The Motion for Stay was denied by the FCC on November 6th, 2019.

Appeal Filed

- Our coalition Appeal was filed on October 24th with the DC Court of Appeals.
- The case has been transferred to the Ninth Circuit Court of Appeals.

Motion for Stay to be filed with Federal Appeals Court

- Now that the FCC has rejected the Motion for Stay, a request for a Stay will be filed with the Federal Appeals Court.

Preparation for Implementation of the Third Report and Order

- The FCC has indicated that cable operators must ask for an amendment to the franchise before offsetting franchise fees, and that it is the cable companies' burden to prove the existing franchise violates the Cable Order.
- We have informed Comcast that we are no longer using the INET and requested they remove equipment from NMTV master control and city halls.

**NORTH METRO TELECOMMUNICATIONS COMMISSION
AND OPERATIONS COMMITTEE
2020 SCHEDULE OF MEETING DATES**

OPERATIONS COMMITTEE MEETINGS

Operations Committee meetings will be held the Tuesday, before the first Wednesday of each month, at the North Metro Community Television facility, at 12520 Polk St. NE, Blaine, MN 55434, beginning at 10:30 a.m.

| | |
|--------------------------------------|---------------------------|
| December 31 st (CANCELED) | June 30 th |
| February 4 th | August 4 th |
| March 3 rd | September 1 st |
| March 31 st | October 6 th |
| May 5 th | November 3 rd |
| June 2 nd | December 1 st |

EXECUTIVE COMMITTEE MEETINGS

Executive Committee meetings will be held the first Wednesday of each month at the North Metro Community Television facility, at 12520 Polk St. NE, Blaine, MN 55434, beginning at 6:00 P.M.

| | |
|------------------------------------|---------------------------|
| January 1 st (CANCELED) | July 1 st |
| February 5 th | August 5 th |
| March 4 th | September 2 nd |
| April 1 st | October 7 th |
| May 6 th | November 4 th |
| June 3 rd | December 2 nd |

FULL COMMISSION MEETINGS

Full Commission meetings will be held the third Wednesday of every month at Spring Lake Park City Hall, 1301 81st Ave. NE, Spring Lake Park, MN 55432, beginning at 6:00 PM.

| | |
|-------------------------------------|----------------------------|
| January 15 th (CANCELED) | July 15 th |
| February 19 th | August 19 th |
| March 18 th | September 16 th |
| April 15 th | October 21 st |
| May 20 th | November 18 th |
| June 17 th | December 16 th |

POTs and PANs

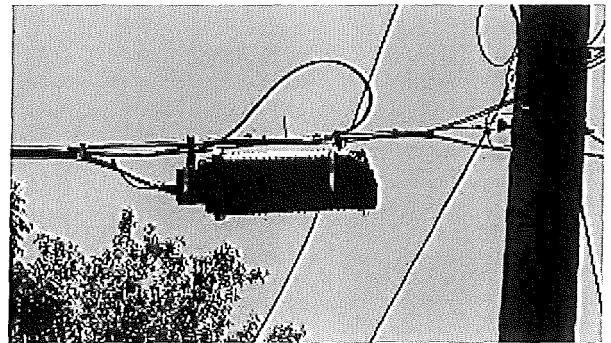
Pretty Advanced New Stuff from CCG Consulting

November 5, 2019

Do Cable Companies Have a Wireless Advantage?

[Leave a comment](#)

https://potsandpansbyccg.com/?attachment_id=8346#main)The big wireless companies have been wrangling for years with the issues associated with placing small cells on poles. Even with new FCC rules in their favor, they are still getting a lot of resistance from communities. Maybe the future of urban/suburban wireless lies with the big cable companies. Cable companies have a few major cost advantages over the wireless companies including the ability to bypass the pole issue.



The first advantage is the ability to deploy mid-span cellular small cells. These are cylindrical devices that can be placed along the coaxial cable between poles. I could not find a picture of these devices and the picture accompanying this article is of a strand-mounted fiber splice box – but it's a good analogy since the size and shape of the strand-mounted small cell device is approximately the same size and shape.

Strand-mounted small cells provide a cable company with a huge advantage. First, they don't need to go through the hassle of getting access to poles and they avoid paying the annual fees to rent space on poles. They also avoid the issue of fiber backhaul since each unit can get broadband using a DOCSIS 3.1 modem connection. The cellular companies don't talk about backhaul a lot when they discuss small cells, but since they don't own fiber everywhere, they will be paying a lot of money to other parties to transport broadband to the many small cells they are deploying.

The cable companies also benefit because they could quickly deploy small cells anywhere they have coaxial cable on poles. In the future when wireless networks might need to be very dense the cable companies could deploy a small cell between every pair of poles. If the revenue benefits of providing small cells is great enough, this could even prompt the cable companies to expand the coaxial network to nearby neighborhoods that might not otherwise meet their density tests, which for most cable companies is to only build where there are at least 15 to 20 potential customers per linear mile of cable.

The cable companies have another advantage over the cellular carriers in that they have already deployed a vast WiFi network comprised of customer WiFi modems. Comcast claims to have 19 million WiFi hotspots. Charter has a much smaller 500,000 hotspots but could expand that count quickly if needed. Altice is reportedly investing in WiFi hotspots as well. The big advantage of WiFi hotspots is that the broadband capacity of the hotspots can be tapped to act as landline backhaul for cellular data

and even voice calls.

The biggest cable companies are already benefitting from WiFi backhaul today. Comcast just reported to investors that they added 204,000 wireless customers in the third quarter of 2019 and now have almost 1.8 million wireless customers. Charter is newer to the wireless business and added 276,000 wireless customers in the third quarter and now has almost 800,000 wireless customers.

Both companies are buying wholesale cellular capacity from Verizon under an MVNO contract. Any cellular minute or cellular data they can backhaul with WiFi doesn't have to be purchased from Verizon. If the companies build small cells, they would further free themselves from the MVNO arrangement – another cost savings.

A final advantage for the cable companies is that they are deploying small cell networks where they already have a workforce to maintain the network. Both AT&T and Verizon have laid off huge numbers of workers over the last few years and no longer have the fleets of technicians in all of the markets where they need to deploy cellular networks. These companies are faced with adding technicians where their network is expanding from a few big-tower cell sites to vast networks of small cells.

The cable companies don't have nearly as much spectrum as the wireless companies, but they might not need it. The cable companies will likely buy spectrum in the upcoming CBRS auction and the other mid-range spectrum auctions over the next few years. They can use the 80 MHz of free CBRS spectrum that's available everywhere.

These advantages equate to a big cost advantage for the cable companies. They save on speed to market and avoid paying for pole-mounted small cells. Their networks can provide the needed backhaul for practically free. They can offload a lot of cellular data through the customer WiFi hotspots. And the cable companies already have a staff to maintain the small cell sites. At least in the places that have aerial coaxial networks, the cable companies should have higher margins than the cellular companies and should be formidable competitors.

Posted by [CCGConsulting](#) in [Technology](#), [The Industry](#)

Tagged: [Altice](#), [CBRS spectrum](#), [Charter](#), [Comcast](#), [mid-span small cell sites](#), [MVNO](#), [Verizon Wireless](#)

[Blog at WordPress.com.](#)

T-Mobile 5G to Go Live December 6, Promises Free First Responder 5G

telecompetitor.com/t-mobile-5g-to-go-live-december-6-promises-free-first-responder-5g/

Joan Engebretson

T-Mobile said today that it will provide free 5G connectivity to every first responder at every public and non-profit state and local police, fire and emergency medical service agency in the U.S. assuming its merger with Sprint is completed. As T-Mobile CEO John Legere explained on a call with reporters, the merger would yield \$43 million in synergies, which the company would use to fund this and other initiatives. The planned offering, which T-Mobile calls "Connecting Heroes Initiative," would be available for 10 years.



The T-Mobile Sprint merger already has approval from the FCC and the DOJ. The remaining hurdle is a lawsuit filed by attorneys general from multiple states, which is expected to come to trial next month.

The news about Connecting Heroes Initiative is part of a broader initiative that T-Mobile is calling "New T-Mobile Un-carrier 1.0." Other elements of the Un-carrier bundle, also dependent on the Sprint merger, include Project 10Million, which would offer free service and hotspots and reduced cost devices to 10 million U.S. households for five years and a \$15 a month prepaid option to be known as T-Mobile Connect.

T-Mobile intends "to bring a level of competition to AT&T and Verizon that they have never seen," Legere told reporters.

The company also noted that it plans to turn up its 5G service nationwide on December 6. Previously the company said that network would launch this year but didn't specify a date.

T-Mobile First Responder 5G

If the Connecting Heroes Initiative comes to pass, it would be bad news for the nation's two largest carriers AT&T and Verizon. Verizon traditionally had the largest share of the first responder market, although the company undoubtedly has lost ground to AT&T, which now operates the FirstNet dedicated public safety mobile broadband network.

AT&T's FirstNet network has many advanced capabilities, which rely on a dedicated core network, and it isn't clear if T-Mobile will match all these capabilities. T-Mobile did say, however, that first responders would always have the highest priority of any plan on T-Mobile's network. Priority and pre-emption for first responders are key FirstNet capabilities. It's also worth noting that the 5G technology that T-Mobile's first responder network will use is a later-generation technology in comparison with the LTE technology that underlies FirstNet.

Referencing AT&T, specifically, Legere said "we're not trying to copy you – we're trying to give you a better example."

Additional information about New T-Mobile Un-carrier 1.0 can be found in this press release.

Contact Us Privacy Terms of Use

All images, brands, company, and product names are trademarks or registered trademarks of their respective owners. © 2019 Pivot

POTs and PANs

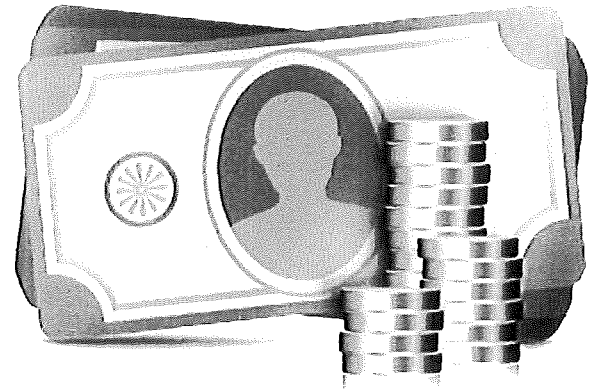
Pretty Advanced New Stuff from CCG Consulting

November 13, 2019

Hidden Fees Adding Up

[Leave a comment](#)

(https://potsandpansbyccg.com/2014/08/05/financing-new-fiber-networks/numismatics_and_notaphily_icon/#main)Consumer Reports recently published a special report titled “What’s the Fee? (https://advocacy.consumerreports.org/wp-content/uploads/2019/10/CR_WhatTheFeeReport_6F_sm-1.pdf): How Cable Companies Use Hidden Fees to Raise Prices and Disguise the True Cost of Service”. Cable companies have advertised prices for many years that are significantly lower than the actual bills customers see – but the CR report shows that the size of the fees has grown significantly over the last few years.



The report lists several specific examples. For example, the broadcast fee and the regional sports fees at Comcast increased from \$2.50 in 2015 to \$18.25 currently. The broadcast fee supposedly covers the cost of buying local network channels – ABC, CBS, FOX, and NBC. The regional sports fee can cover the cost of channels carrying regional college and pro sports. In both cases, the cable companies never disclose the actual fees they pay that are covered by these fees.

The report shows that Charter increased its broadcast fee three times in the last year, starting at \$8.85 in October 2019 to reach \$13.50 per month in October 2019.

It’s not hard to understand why customers are confused by the many fees. The report points out that some cable bills have more than a dozen line items, which are a mix of rates for products, external taxes and fees, and these various ‘hidden’ fees – meaning they are usually not disclosed when advertising the products.

In addition to the Broadcast TV fee and the Regional sports fees the report lists the following other fees:

- Settop box rental fee. This is to recover the cost of the settop box hardware. For many years this fee was around \$5 monthly for most cable providers, but this is an area that has also seen big price increases in recent years and the highest rate I’ve seen was \$12 per month. This is to recover a settop box, which for small ISPs costs a little over \$100, and must cost less for the big cable companies.
- Cable Modem / WiFi Router. This is the fee with perhaps the biggest range of pricing – some ISPs don’t charge for this while others are charging more than \$10 per month.
- HD Technology Fee. This fee used to be charged by almost every cable company back when they

started offering HD channels (a decade ago many channels were offered in both an HD and an analog format). Now that the whole industry has largely gone to digital programming, CR reports the only company still charging this fee is Comcast.

- Internet Service Fees. This is a relatively new fee that gets billed to anybody buying Internet Access. The report highlights the fees charged by RCN and Frontier.
- Administrative and Other Fees. These are often fees under various names that don't cover any specific costs. However, some fees are specific – I just read an article describing a \$7 fee to business customers by AT&T in California to recover property taxes.

Consumer Reports collected a number of sample bills from customers and reports that the average monthly company-imposed fees for the bills they analyzed averaged to \$22.96 for AT&T U-verse, \$31.28 for Charter, \$39.59 for Comcast, \$40.16 for Cox, and \$43.79 for Verizon FiOS. They estimate that these fees could total to at least \$28 billion per year nationwide.

To be fair to the cable providers, these fees are not all profits. The companies pay out substantial retransmission fees for local content and pay a lot for sports programming. However, some of the fees like settop box and modem rentals are highly profitable, generating revenues far above the cost of the hardware. Some of the fees like administrative fees are 100% margin for the companies.

Consumer Reports advocates for legislation that would force cable companies and ISPs to fully disclose everything on bills, similar to what happened with the airline industry in 2011 with the Full Fare Advertising Rule. CR believes that the FCC has the authority to require such transparency without legislation.

Posted by [CCGConsulting](#) in [The Industry](#)

Tagged: [broadcast fee](#), [Charter](#), [Comcast](#), [Consumer Reports](#), [regional sports fee](#), [settop box fee](#)

[Blog at WordPress.com.](#)

As 5G Rolls Out, Troubling New Security Flaws Emerge

Researchers have identified 11 new vulnerabilities in 5G—with time running out to fix them.

It's not yet prime time for 5G networks, which still face logistical and technical hurdles, but they're increasingly coming online in major cities worldwide. Which is why it's especially worrying that new 5G vulnerabilities are being discovered almost by the dozen.

At the Association for Computing Machinery's Conference on Computer and Communications Security in London today, researchers are presenting new findings that the 5G specification still has vulnerabilities. And with 5G increasingly becoming a reality, time is running out to catch these flaws.

"The thing I worry about most is that attackers could know the location of a user."

Syed Rafiul Hussain, Purdue University

The researchers from Purdue University and the University of Iowa are detailing 11 new design issues in 5G protocols that could expose your location, downgrade your service to old mobile data networks, run up your wireless bills, or even track when you make calls, text, or browse the web. They also found five additional 5G vulnerabilities that carried over from 3G and 4G. They identified all of those flaws with a new custom tool called 5GReasoner.

"We had a hunch when we started this work that there were more vulnerabilities to find," says Syed Rafiul Hussain, a mobile security researcher from Purdue who led the study. "Since many security features from 4G and 3G have been adopted to 5G, there is a high chance that vulnerabilities in previous generations are likely inherited to 5G too. Additionally, new features in 5G may not have undergone rigorous security evaluation yet. So we were both surprised and not so surprised by our findings."

One purported benefit of 5G is that it protects phone identifiers, like your device's "international mobile subscriber identity," to help prevent tracking or targeted attacks. But downgrade attacks like the ones the researchers found can bump your device down to 4G or put it into limited service mode, then force it to send its IMSI number unencrypted. Increasingly, networks use an alternative ID called a Temporary Mobile Subscriber Identity that refreshes periodically to stymie tracking. But the researchers also found flaws that could allow them to override TMSI resets, or correlate a device's old and new TMSI, to track devices. Mounting those attacks takes only software-defined radios that cost a few hundred dollars.

The 5GReasoner tool also found issues with the part of the 5G standard that governs things like initial device registration, deregistration, and paging, which notifies your phone about incoming calls and texts. Depending on how a carrier implements the standard, attackers could mount "replay" attacks to run up a target's mobile bill by repeatedly sending the same message or

command. It's an instance of vague wording in the 5G standard that could cause carriers to implement it weakly.

The 5G rollout is very much in progress now after years of development and planning. But researchers' findings underscore that the data network is going live with some vulnerabilities and flaws still in place. No digital system is ever perfectly secure, but this many flaws still emerging is noteworthy, especially since researchers have found so many bugs clustered around serious issues like network downgrading and location tracking.

The researchers submitted their findings to the standards body GSMA, which is working on fixes. "These scenarios have been judged as nil or low-impact in practice, but we appreciate the authors' work to identify where the standard is written ambiguously, which may lead to clarifications in the future," GSMA told WIRED in a statement. "We are grateful to the researchers for affording industry the opportunity to consider their findings and welcome any research that enhances the security and user confidence of mobile services."

The researchers note that a limitation of their study is that they didn't have access to a commercial 5G network to test the attacks in practice. But they point out that while GSMA says the attacks are low impact, it still listed the work in its Mobile Security Research Hall of Fame.

"The thing I worry about most is that attackers could know the location of a user," Purdue's Hussain says. "5G tried to solve this, but there are many vulnerabilities that expose location information, so fixing one is not enough."

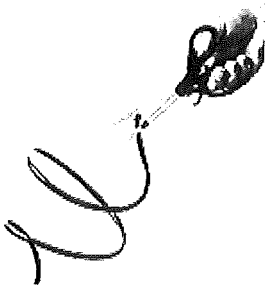
Improving the security of the 5G standard through community scrutiny is a necessary process. But with 5G rolling out more and more widely every day, time is running short to catch and resolve vulnerabilities that could expose user data worldwide.

OpenVault: Video Cord Cutters Surpass the Half Terabyte Bandwidth Usage Mark

telecompetitor.com/openvault-video-cord-cutters-surpass-the-half-terabyte-bandwidth-usage-mark/

Carl Weinschenk

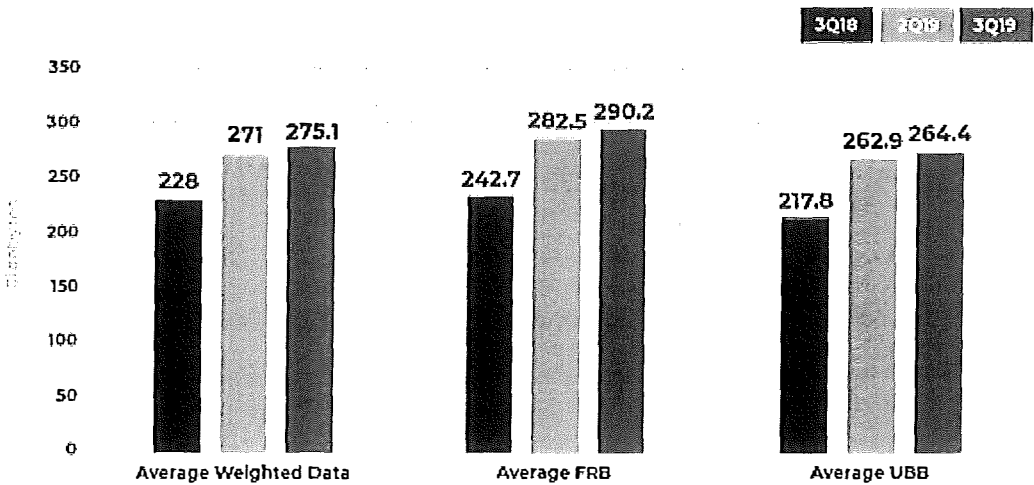
New broadband usage data from OpenVault reveals that video cord cutters, on average, use more than half a terabyte of broadband bandwidth per month. That usage behavior is more than double the 275 GB the average broadband subscriber uses, according to OpenVault's data, which aggregates broadband usage from millions of subscribers across the U.S. and Europe.



The third quarter 2019 OpenVault Broadband Industry (OVBI) report found that usage is rising across all subscriber categories, including power users. The report also found that usage patterns differ between subscribers utilizing usage-based billing and flat-rate billing (UBB and FRB). FRB is consistent with unlimited data usage plans, while UBB is consistent with usage-based billing plans for broadband.

The firm found that the overall weighted average of broadband usage was 275 gigabytes during the third quarter, an increase of 21% compared to the third quarter 2018 average of 228GB. During the same period, the median monthly weighted average jumped from 118.2 GB to 147.4 GB, an increase of almost 25%.

Average GB Usage by Billing Type 3Q19



Source: OVBI 3Q19

Other key findings of the report:

- Average consumption by cord-cutter subscribers was 520.8 GB, an increase of 7% in Q3 alone and almost double the monthly weighted (UBB plus FRB) average subscriber usage of 275.1 GB.
- The percentage of cord cutters who are “power users” consuming 1 TB or more of data per month is 12%, almost triple the 4.2% Q3 figure for weighted average subscribers.
- The total number of power users increased 62% year over year-over-year, driven largely by FRB subscribers.
- UBB subscribers chose 1 Gbps packages at a rate that is 89% higher than that of FRB subscribers
- European and North American usage patterns are virtually identical in the 50 Mbps to 75 Mbps range. However, North American subscribers consumed more at the lower levels. They used about 150% more in the 30 Mbps to 40 Mbps range and almost 50% more in the 10 Mbps to 20 Mbps range.

While video cord cutting dramatically increases bandwidth usage, customer actions seem to not be in line with that new demand. The report says that only 29% of customers upgraded broadband packages, while two-thirds remained the same and 4% downgraded when cutting the video cord.

This could be a good time to sell more bandwidth, the report suggests. “A cord cutting event usually signals a need for faster broadband speeds. Cord cutters are opting for high-bandwidth OTT services, and are using multiple devices in the home to consume video, often simultaneously. This behavior lends itself to higher speed, higher margin broadband packages to ensure an acceptable broadband CX and the cord cutting event is the best time for operators to educate customers and upsell them accordingly.”

In August, OpenVault reported that customers’ broadband usage increases in the months leading to the cancellation of pay-TV services. This information can be useful in predicting cord cutting. The firm found a 14% increased difference in broadband usage between cord cutters and average subscribers six months before the subscriber ends pay-TV service. That percentage rose to 30% in the month before the cut and even more— 70% — during the three months following cord cutting.

[Contact Us](#) [Privacy](#) [Terms of Use](#)

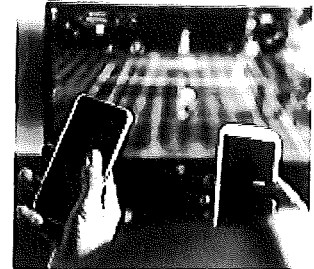
All images, brands, company, and product names are trademarks or registered trademarks of their respective owners. © 2019 Pivot

MoffettNathanson: Streaming TV Services or vMVPDs May be a Non-Starter

telecompetitor.com/moffettnathanson-streaming-tv-services-or-vmvpds-may-be-a-non-starter/

Joan Engebretson

The wheels are already falling off the vMVPD model, observe MoffettNathanson researchers in a research note released today. The financial analysts base this statement on third quarter results, which show that, with the exception of sports and news, consumers are becoming increasingly disinterested in what the researchers call “live” programming, and which some others call “linear TV” – in other words, programming that is scheduled to be viewed on a specific day or days of the week at a specific time.



Virtual multi-video program distributors (vMVPDs) are companies that offer linear TV programming but who distribute it over a broadband internet connection rather than a dedicated connection as with traditional cable or satellite TV. Major vMVPD offerings include AT&T TV Now, YouTube TV, Hulu Live and Sling TV.

Although the researchers estimate that the category overall saw subscriber growth of 584,000, they also estimate that only about 40% of people who cancel traditional linear TV convert to a vMVPD service.

Traditional (i.e., non-virtual) MVPD services from cable, satellite and telecom providers saw subscriber losses of 1.8 million subscribers in third quarter, according to MoffettNathanson's estimate. Despite these losses, though, MoffettNathanson foresees a core group of sports and news viewers remaining with traditional MVPD, also known as pay-TV, offerings. The researchers note that “live viewing of sports and news (especially sports) remains healthy, while viewership for all other programming has declined.”

The researchers go on to note that: “The feedback loop this creates becomes self-fulfilling. As distribution declines, sports networks with fixed cost inputs (in the form of contracts with sports leagues and/or teams) have no choice but to raise prices to offset the declines in distribution. As distributors pass along those increases, the overall price of the bundle spirals higher. That, in turn, triggers even faster defections . . . which, of course, demands even faster price increases. For anyone who isn't a sports fan, the existing model is simply becoming inhospitable.”

vMVPD Research

MoffettNathanson worked with researchers at Altman Vilandrie & Co. on a survey of 5,000 U.S. respondents that found that 53% of U.S. households consume sports on a regular basis and, of those, 90% continue to subscribe to pay-TV.

In contrast, 14% of U.S. pay-TV households don't consider themselves regular news or sports viewers, and the researchers believe many of those customers are likely to cancel pay-TV without replacing it with a vMVPD service.

The researchers note that when vMVPD services initially launched, they offered considerable savings over traditional pay-TV, but those savings are being eroded as vMVPDs increase prices, also diminishing the services' appeal to traditional pay-TV cord cutters.

Supporting MoffettNathanson's downbeat appraisal of the vMVPD market is Sony's recent decision to discontinue its Playstation Vue vMVPD offering.

The MoffettNathanson researchers also raise another interesting question. They note that Verizon unlimited wireless subscribers will be getting Disney+ for free, most T-Mobile unlimited wireless subscribers will be getting Netflix for free, at least some AT&T wireless subscribers will be getting HBO Max for free, and a "huge number" of Apple device buyers will get Apple TV+ for free.

"Taken together, that's something like half of all American families," the researchers note. They go on to ask, "Will a generation of Americans be trained to expect that (non-sports) entertainment should cost . . . nothing?"

Contact Us Privacy Terms of Use

All images, brands, company, and product names are trademarks or registered trademarks of their respective owners. © 2019 Pivot


Comcast's Trojan Horse for Pay-TV



The Bauminator
Jeff
Baumgartner,
Senior Editor,
Light Reading
9/20/2019

There ain't no such thing as a free lunch, as the saying goes. The adage also applies to streaming video.

Comcast this week announced it is offering Xfinity Flex, its streaming video and smart home combo product, for free to broadband-only customers. Comcast introduced Flex in May, but the new thing here is that the company clipped the original \$5 per month add-on fee that caused much eye-rolling, teeth-gnashing and fist-clenching a few months ago. How *dare* they charge extra just for a set-top box (a.k.a. cable's blight upon the universe)! This'll never work!

 Comment (0)

Tweet



Xfinity Flex could serve as both an offensive and defensive weapon for Comcast.

Though Flex is now a free add-on to broadband-only subs -- a group that certainly includes pay-TV cord-cutters -- don't think Comcast isn't making a buck on it. There's no doubt that Comcast is getting a cut from the subscription-based and free, ad-supported apps and services offered on Flex. And there's some customer acquisition and retention value built in if Flex ends up helping Comcast gain and retain subs for what's now its core business -- broadband.

Flex is a video streaming and smart home product that enhances Comcast's relationship with broadband-only customers. But from a strategic standpoint,

it's also something else -- a Trojan Horse for its full pay-TV service. That term has an invasive stigma to it, but it's poised to be a smart move if Comcast executes this properly.

Flex clearly is defensive in terms of protecting Comcast's already strong broadband business, but it's also a latent and potentially powerful offensive pay-TV weapon.

Buried in this week's announcement, Comcast notes that, later this year, Flex will allow users to upgrade to its full pay-TV service and essentially turn the device into a fully-fledged X1 box with a few button clicks. Comcast will already have a direct billing relationship with Flex customers, so there's little to no friction involved for them to add a pay-TV service. And there's even less friction to contend with if Comcast is successful in making Xfinity Flex the consumer's primary streaming and TV-connected smart home device.

Of course, there's nothing stopping Flex customers from getting pay-TV from a virtual MVPD (multichannel video programming distributor). There would be extra work involved for a customer to toggle over to another product, like a Roku box or an Amazon Fire TV device, download an app for YouTube TV, Sling TV or PlayStation Vue or another OTT-TV, and then proceed to set up the account and billing info. Switching inputs to another video streaming device seems easy enough, but it's a barrier/annoyance that is greatly underappreciated.

And this is partly why Roku's stock got thumped on Wednesday -- there's concern that Comcast's free Flex offer threatens Roku's device and platforms business. And that threat would be amplified if all of Comcast's X1 syndication partners (Cox, Rogers Communications, Videotron and Shaw Communications) follow suit with their own versions (Cox has already done this, but is still charging \$5 per month extra). There's also an outside chance that Charter Communications will do this, too, either by working with Comcast or by somehow striking out on its own.

Flex's technical setup is also a smart way for Comcast to take advantage of its headless gateway architecture for the home. It allows for the operator to deploy a sleeker IP client capable of delivering all forms of video services rather than having to rely on hefty, more traditional set-top boxes to pull that off.

It's too early to know if Flex will be more successful as a broadband gainer/retainer or as a Trojan Horse that could crimp Comcast's pay-TV subscriber losses. But Flex does have more than one potential business play, as long as the product is able to gain traction and scale, and as long as Comcast can restrain itself from being an overly strict gatekeeper and be increasingly open to allowing a multitude of third-party apps and services onto its platform.

Flex is now a free add-on, but it's clear that Comcast has thought about a lot of ways to make it pay.

Copyright © 2019 Light Reading, part of Informa Tech,
a division of Informa PLC. All rights reserved.
[Privacy Policy](#) | [Cookie Policy](#) | [Terms of Use](#)