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# ***Committee Meeting***

of

## ASSEMBLY TELECOMMUNICATIONS AND UTILITIES COMMITTEE

*“To discuss and take testimony on cable television competition, issues, or concerns”*

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**LOCATION:** Vineland High School Library  
Vineland High School  
Vineland, New Jersey

**DATE:** November 21, 2002  
1:00 p.m.

**MEMBERS OF COMMITTEE PRESENT:**

Assemblyman Wilfredo Caraballo, Chairman  
Assemblyman Peter C. Eagler, Vice-Chairman  
Assemblyman Upendra J. Chivukula  
Assemblyman Jeff Van Drew  
Assemblyman Nicholas Asselta  
Assemblyman George F. Geist



**ALSO PRESENT:**

Edward P. Westreich  
*Office of Legislative Services*  
*Committee Aide*

John R. McCarvill  
*Assembly Majority*  
*Committee Aide*

Mark E. Hobbie  
*Assembly Republican*  
*Committee Aide*

***Meeting Recorded and Transcribed by***  
**The Office of Legislative Services, Public Information Office,**  
**Hearing Unit, State House Annex, PO 068, Trenton, New Jersey**

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**ROSS STANGER:** I'm Ross Stanger, teacher here at Vineland High School. I'd just like to thank everyone for coming.

Today, I'm here introducing each of the Assemblymen who are present today for a Committee meeting that's going to be held here. We were contacted by Mr. Van Drew, after he previously spoke to our students, and it was his idea to come here to the high school to have the meeting.

I'd just to like introduce each of the Assemblymen present today, if possible. We have Assemblyman Van Drew; Assemblyman Eagler; Assemblyman Caraballo, who is going to be the Chairman today--

**ASSEMBLYMAN WILFREDO CARABALLO (Chairman):** Not just today, by the way. (laughter)

ASSEMBLYMAN VAN DREW: Never mess with the Chairman.

MR. STANGER: --Assemblyman (*sic*) Westreich; Assemblyman Geist; as well as Assemblyman Asselta.

So, at the request of the Chairman, if you would like to address the Chair today, I have a form on which you should, please, write your question. And I can hand out these forms for you now, as well as if you're interested in obtaining one later on -- and are interested in addressing the Chairman, please pick one up from me.

Does anyone have any questions? (no response)

ASSEMBLYMAN CARABALLO: Okay. I'll tell you what. We want to start the meeting at this point. What we can do is, we can have some of the questions right after we begin the process of having our hearing. And I'll be more than happy, at that point, to have some questions. Okay?

MR. STANGER: Okay.

ASSEMBLYMAN CARABALLO: So we'll do that.

Thank you very much for the introduction.

MR. STANGER: I appreciate it. Thank you.

ASSEMBLYMAN CARABALLO: Good afternoon, everybody. My name is Wilfredo Caraballo. I am the Chairman of the Telecommunications and Utilities Committee of the New Jersey State Assembly. I want to thank everyone for inviting us down to Vineland.

The reason we're having this meeting here is that Assemblyman Van Drew had contacted me a long time ago and indicated that issues of cable television were of particular interest to the residents of his district. And so he asked if we wouldn't do him a favor and come down, visit, talk to the community about cable issues, and here we are. I'd like to take this time, also, to thank both of the representatives from this district -- Assemblyman Asselta, Assemblyman Van Drew -- for their hospitality. We're very fortunate today. We have three members of this Committee that are not normally members of the Committee, but who are here by designation today, because they have a particular interest in this area.

We have Assemblyman Van Drew, who is one of our newest members in the Assembly, but one of our, also -- probably one of our most active members in the Assembly, who has taken a particular interest in this area. And we'll be hearing from him in about a minute or two about some of his ideas and what he wishes to do.

We have, sitting by designation, Assemblyman Asselta, who has been a long-time representative of this district and whom I've known, at least, through my fourth term in the Assembly. Welcome to our Committee.

ASSEMBLYMAN ASSELTA: Welcome.

ASSEMBLYMAN CARABALLO: Assemblyman George Geist, who is actually no stranger to this Committee. Assemblyman Geist used to be a member of this Committee. This session you were placed on other Committees.

ASSEMBLYMAN GEIST: Yes.

ASSEMBLYMAN CARABALLO: I guess you wanted a change of scenery, but welcome back to the Committee, George.

ASSEMBLYMAN GEIST: Happy to be back. Thank you.

ASSEMBLYMAN CARABALLO: All right. At this time, I'd like to begin the Committee hearing by having Assemblyman Van Drew, if you would-- Do you want to sit there or do you want to-- Okay. Assemblyman Van Drew is going to address the Committee. Do you want this? (referring to PA microphone)

ASSEMBLYMAN VAN DREW: Is it working at all? Is that better? Okay.

Chairman, thank you very much, and thank you for coming to Vineland, the 1st Legislative District. Let me say that this is really and truly an honor. I, personally, can't think of a time when the Telecommunications Committee has met in the 1st Legislative District, and I know it was, for my colleague Nick and myself, it's not too much of a problem. But for everybody else here -- we're here all the time -- we know it's a trip, and we know that you're very busy, and we very much appreciate it.

I think this is a great opportunity for the students that were here. I know, again, that my colleague and myself have spoken to you numerous

times about government, how the committees work, how the committee system works. I thought it was a wonderful opportunity, not only for the residents and constituents of the 1st district, but for all of you to see, firsthand, how it really does work in the real world. And you can also see, when the Chairman wants to start a meeting, it absolutely starts, and that's because the Chairman is a powerful person in the committee system and an important person. We certainly appreciate his support here.

Cable television is an issue that, I think, all of us relate to. We all watch TV, obviously. We've all had our own opinions and feelings about cable. But I know that in my district, and in my office, and in many peoples' districts that I've spoken to on this Committee and throughout the Legislature, that there have been a good number of complaints, discussions, questions about cable TV.

The number one question that we all hear all the time is, why are cable rates going up so much? And very briefly, Chairman, if I may -- just because I spent a good part of the summer, as you know, reviewing this and working with the Chairman on this issue -- cable television, in 1996, because of the Federal Telecommunications Act, was deregulated. In 1999, that really kicked in. Since that time, cable television costs have gone up a great deal.

The cable industry has their numbers, we have our numbers. We believe that it's over 50 percent. And it is, to a good part, due to the fact that there are three tiers of cable television. There is the basic tier that we're all familiar with, which are your basic stations -- FOX, ABC, NBC, CBS, essentially like having an antennae. There's expanded basic, which is ESPN and the History Network, and so forth. We're familiar with that. That used

to be regulated by the State of New Jersey. When the Federal Government changed the law, we no longer regulate it. And because of that, costs have gone up a great deal. And then there is the premium stations, which were never regulated and still are not regulated.

Now, I have to admit, that the biggest number of calls that we've received in my office are because of the fact that cable TV has become so expensive. We cannot control a great deal of that. The first thing that we did in the Legislature -- and I was proud to be one of the sponsors of it -- was a resolution this year to the United States Government saying that we want to have the right to regulate cable television again -- that we want to have the right to regulate those costs. Because -- guess what -- it was supposed to foster competition. It was supposed to make prices go down. It was supposed to make more availability as far as different cable companies. It did not do that at all, and, in fact, costs have gone up.

So that was all that we could do, directly, about the increasing costs, and we're hopeful that that will be fruitful. That was the first piece of legislation. The second piece of legislation that we have worked on, that we have here today and we hope to move through before the end of this year, deals with cable television as far as, to a great degree, the service end of it. How does cable television -- how can we make it better? Since we are paying so much, and that we also receive so many complaints, how can we make it better? We approached different areas, areas that we have heard a lot about from our constituents and our district and from throughout the State of New Jersey.

When cable TV goes out -- and it goes out, actually, less than it used to -- major outages -- but it still does -- and it just happened recently, by the way, in Atlantic and Cape May Counties, there was a major outage. When it goes out, currently -- if it goes out for six hours, and it is the fault of the cable company, those cable users that want to get a credit have to call. They have to call the cable company. They have to ask for the credit. They have to fight for the credit. In our legislation, we say if the cable goes out, and it goes out for three hours, and if it goes out at a certain level, which we call the node, which means a major neighborhood area or above, you should get an automatic credit.

We pay for cable. It's not like water. It's not like gas. It's not like electricity. We pay for cable whether we use it or not. We only pay for water or gas or electricity when we turn it on. So we should expect the cable to be on at all times. If it's not on and it's not working, you should get a credit. That's the first provision in the bill.

We also have, in there -- and we had a lot of fun when we had the press conference in Trenton, because we showed a *Seinfeld* episode about the cable guy. I don't know how many of you have seen it, but we believe that there should be a three-hour window, a three-hour envelope of opportunity for the cable repair person or the cable installation person to be there. If they're not there in that three hours, that they have to make a new appointment with you at your convenience. Currently, by Federal regulation, it's four hours. Anyhow, we think three hours is more appropriate. Again, for the prices we're paying, we don't think that's too much to ask.

In the legislation, there's a cap on late fees. Currently, now, it's a set fee that most cable companies use. We believe it should be a percentage. There's also regulations in there, in our legislation, about tariffs, which essentially-- Tariffs are the fees and the costs that the cable company is allowed to charge. They believe -- I know they're going to speak for themselves later -- that that's basically for information purposes. We believe that that list -- which is formulated by a Federal formula they have to abide by -- that they should have to stick to that list. When they have a list of costs and fees and that is the list that you see, that is the list that you should be charged.

(interruption by school announcement)

We know we're in a school.

ASSEMBLYMAN ASSELTA: Mr. Chairman, are we discussing legislation or, as this report says, "Discuss status of cable television competition and take testimony about issues?" Are we discussing a bill or--

ASSEMBLYMAN CARABALLO: We're doing a couple of things.

ASSEMBLYMAN ASSELTA: --because I have no bills in my file here.

ASSEMBLYMAN CARABALLO: Yes. I have a copy of his bill that I will hand to you in a second.

ASSEMBLYMAN ASSELTA: Okay. Are we voting on a bill today?

ASSEMBLYMAN CARABALLO: No, we're not voting on a bill.

ASSEMBLYMAN ASSELTA: Oh, okay.

ASSEMBLYMAN CARABALLO: We're trying to-- Let me just-- We've been having a number of hearings throughout the year, both in the area

of cable, as well as telecommunications, as well as in energy. And what we've been trying to do is, little by little, educate the public about what's going on. We've had one session, previously, where, in fact, we talked about the basic rate structure as it exists: where the State has authority, where the State hasn't. What we're attempting to do today is get some more input from the public with respect to their feelings, but also address some of the specific ideas that people may have for that aspect that we control.

ASSEMBLYMAN ASSELTA: Okay.

ASSEMBLYMAN CARABALLO: So what Assemblyman Van Drew is doing, at this point, is informing us -- informing the community of where he's at with a bill that he has, in fact, introduced and which we will be discussing.

ASSEMBLYMAN ASSELTA: So, through you, Mr. Chairman, we're prompting discussion.

ASSEMBLYMAN CARABALLO: Yes, we are. And so, you will be able to, in fact, engage in it as well--

ASSEMBLYMAN ASSELTA: Okay.

ASSEMBLYMAN CARABALLO: --and say whatever you wish to say about the issue as well.

ASSEMBLYMAN ASSELTA: Unfortunately, I have one microphone. That's an issue here today.

ASSEMBLYMAN CARABALLO: We'll keep passing it around.

ASSEMBLYMAN VAN DREW: I'm almost done.

The tariffs -- I think we discussed the lists. And finally, in there, is a better reporting mechanism. Both, I think, the BPU itself could have a

better reporting mechanism within their internal reporting; as well as the number of, and the type of, and the origination of the types of complaints and the types of problems should be reported from the cable company to the Board of Public Utilities.

And if I may, Mr. Chairman, the reason that I just wanted to have the opportunity to discuss this bill is because you have indicated to me that there is a solid opportunity that it very well may be something that's brought up this year, before the year end. And it is because this bill is based upon all the concerns I've heard from all of my constituents in this district. I know some of them are here today, and I want them to hear that.

And I thank you for the opportunity.

ASSEMBLYMAN CARABALLO: Yes.

And by the way, let me just correct myself. This is the third hearing. We actually had a hearing up in Clifton. We had one in Trenton. We had one in Clifton. This is the third one that is being held on the issue of cable.

All right. Obviously, if any member wishes to say anything, just let me know, and I'll be more than happy to--

ASSEMBLYMAN ASSELTA: Are you going to throw it down here?

ASSEMBLYMAN CARABALLO: --throw the mike down or do whatever.

I didn't set this up. All right, Nick.

ASSEMBLYMAN ASSELTA: Actually, Mr. Chairman, just one quick comment.

ASSEMBLYMAN CARABALLO: Sure.

ASSEMBLYMAN ASSELTA: I appreciate having this particular discussion here in Vineland. Maybe for the future, this venue, an *Abbott* district, a discussion -- maybe the Appropriations Committee should meet down here in light of flat-funding. I see a school board member out in the audience there. And considering, in our next budget cycle, this might be a great venue to have discussions on *Abbott* district and school funding for the future. So I just want to offer that to the Committee.

ASSEMBLYMAN CARABALLO: I'm just grateful of the fact that we're having, at least, the first one down here. We can try to see if we can schedule others as we go along.

We've got a couple of folks who've signed up to speak, and I'd like to call them. First, and I haven't met this person myself, Mr. Hank Rice, who is a Councilman in North Wildwood.

Mr. Councilman.

**COUNCILMAN HARVEY M. RICE:** Good afternoon.

ASSEMBLYMAN CARABALLO: Good afternoon. Please come on up.

Passing the mike up to you.

MR. RICE: Okay, fine. Thank you.

Yes, it's ironic, I guess, that on Tuesday night, we were at our Council meeting, and a month ago I had requested that Comcast come speak to us and give us some insight of what they are doing. Well, they canceled out, and I made reference to that on Tuesday night's session. The reason I'm concerned with the Comcast is what Assemblyman Van Drew had said. In

other words, the costs. The costs have risen. We had just gotten a new bill in our house, on Monday evening, and it's up to \$43.21. It just seems to keep rising.

The service is not as good as could be expected. A lot of times in the evenings I like to stay up and watch *Nightline*, and the stations, generally, go a little fuzzy. Also, we had a blackout the other night. It just happened to be my wife's night with all the good shows on. So she missed out on those. A lot of the concerns I have from my constituents -- people I've talked to in the supermarkets, in the Wawas, and wherever I see them on the street -- is the cost. And we have a lot of senior citizens in Cape May County. I, myself, am one. So I know what my budget is, and I know that we have to keep changing our budget to pay for these bills.

So I'm very heartened that you're having this hearing here today, and I hope that something would come about it. And also, I am still going to have -- try to have Comcast come to our council meeting and talk to us and see what they have to say.

I don't know if you fellows watched it, but the other night the Harlem Globetrotters were playing Maryland University. The announcers were really bragging how great the Comcast Sports Center was at \$100 million. Well, I have no problem with that, but take care of the little guy. If you want to spend a \$100 million on a Comcast Center, go to it, but let's give the little guy a break. It seems that he's always the one that's taking it on the lamb.

So I want to thank you for your time, and keep up the good work.

ASSEMBLYMAN CARABALLO: Thank you, Councilman.

Mr. Charles Russell, who is the Deputy Director--

ASSEMBLYMAN ASSELTA: Can we question the witnesses, Mr. Chairman? Is that possible?

ASSEMBLYMAN CARABALLO: If you wish to, oh, sure. If you want to.

ASSEMBLYMAN ASSELTA: I thought we're a committee hearing--

ASSEMBLYMAN CARABALLO: I didn't think there was -- sure.

ASSEMBLYMAN ASSELTA: Could you pass the microphone. I'm just curious about a couple of things.

Thanks for coming, Councilman Rice.

You mentioned you paid \$43.21 per month. What type of service do you get out of that? Is there a list of channels, or how many channels do you get? Do you get the premium channels?

MR. RICE: No. I don't get any of them, like the HBO or anything like that.

ASSEMBLYMAN ASSELTA: Is that basic charge -- \$43.

MR. RICE: Basic. Is that correct, dear? I have my wife with me.

**DOROTHY M. RICE:** (speaking from audience) It's what they call expanded basic. We no longer can get basic.

ASSEMBLYMAN ASSELTA: Expanded basic. Okay. And you don't know what that includes. They don't provide you with, like, a list of all the channels.

ASSEMBLYMAN CARABALLO: Could you excuse me, one second. They won't be able to transcribe what you say unless you come up. Do you want to come up and--

MR. RICE: Okay. Come on up, dear.

ASSEMBLYMAN ASSELTA: We're here for fact finding and to try to understand--

MR. RICE: I've been with her 49 years, and she's my right arm.

ASSEMBLYMAN ASSELTA: Oh, I know.

Welcome, Mrs. Rice.

MRS. RICE: Mr. Asselta, it's good to see you again.

ASSEMBLYMAN ASSELTA: I guess the question once again is -- I'm just trying to get a handle on what you get for \$43.21 per month.

MRS. RICE: Well, actually, they do give us the list of a lot of channels that we do not use. We use 3, 6, and 10. I like the PBS channels. He is, actually, addicted to C-SPAN and CNN and ESPN. So you know where his interests lie.

ASSEMBLYMAN CARABALLO: Politics and sports, huh?  
(laughter)

MRS. RICE: Politics and sports, exactly.

We actually get a lot of channels that we never even use. I couldn't even tell you what's on them. I do know now -- that I learned this past summer -- that we have a channel 74, which is totally a golf channel, and that's because we're raising our grandson, and he's a golfer, or I wouldn't even know that we had that.

I, also, because I'm involved with a lot of organizations, a lot of the older people do not need all these channels. They have, as myself, have no idea what's on these channels. I am not a television watcher. Tuesday night

is my night. It happened that two weeks ago, on Tuesday night, they interrupted my night.

ASSEMBLYMAN ASSELTA: How long was that interruption, through the Chair?

MRS. RICE: Mostly we don't get an actual outage. We might get it for a few minutes, and that happens frequently. But we had over two weeks where 3, 6, and 10, and a few of the other channels -- we're originally from the Philadelphia area, so that's why the 3, 6, and 10 bit -- and a few of the other channels-- It was so snowy -- and that's including CNN and C-SPAN -- they were so snowy that you could not see them, and it lasted for over two weeks. It would clear up for a brief time and go right back.

ASSEMBLYMAN ASSELTA: So did you check with the company to see if it was your line, maybe, from the road to your house or--

MRS. RICE: Well, it was our whole block that I know of. But then I found out, since then, it was not just our block. It was several in our immediate area. Yes, we had Comcast--

ASSEMBLYMAN ASSELTA: It's probably that Irish parade, one of those parades that you had, like, disturbed that line. (laughter)

MRS. RICE: It was in the beginning of November, so that's past the Irish parades.

ASSEMBLYMAN ASSELTA: Okay.

MRS. RICE: But we had quite a few young men out -- technicians. The one -- I particularly remember his name -- it was Sean, and now you know why. He said they looked at everything. They went through the wiring. They went through the wiring from the homes to the street, and

they could not find a reason for this problem. It existed, as I said, for over two weeks. I would say about 16 days.

ASSEMBLYMAN ASSELTA: That's an interesting testimony because it really-- The whole service, let's say -- concern is always around solving the problem. And in your instance, they still couldn't find the solution, and it took a whole lot of time to, even, not find a solution--

MRS. RICE: Right.

ASSEMBLYMAN ASSELTA: --and that's probably the technical nature of this industry. As we explore further, Mr. Chairman, I know we're going to have people from the industry get up here and tell us the technicalities surrounding service and sometimes trouble-shooting and all that. It takes a lot of time to solve a problem. Sometimes it doesn't get solved overnight.

What I'm trying to ascertain from you is, you pay \$43.21 per month, and you don't need all those channels. So there has to be an option for you to pick certain channels that you want in packages, which, hopefully, could lower that rate some. Okay.

MR. RICE: That's exactly what I had in mind.

ASSEMBLYMAN ASSELTA: Thank you.

MR. RICE: The only other thing I'd like to add, before I leave, is that I love this country. I love politics, and I think all of us should be more involved in the political structure. I've been trying to get C-SPAN, too, for so long, and they just kept giving me different alibis, "Well, they have to have this channel in there--" This is our country. This is -- C-SPAN and C-SPAN II are our government, our national government, our Congress and our Senate. I think these are the most important things we should be watching -- at least

have available to us. Because I find it interesting to listen to my congressman or my senator speak at the capitol, and I can get some more input.

It took us so long to get the C-SPAN II. We had C-SPAN I, but it took us forever to get C-SPAN II, because they said, "We have to put this channel on because there's more people asking for this." I can understand that, because there's different ethnic groups and there's different age groups. And the young kids, they want to watch the MTV, or whatever it is. But they should always make room for C-SPAN and C-SPAN II. That's my personal belief.

And I want to thank you again.

ASSEMBLYMAN CARABALLO: Okay.

Mr. Van Drew, did you have a question?

ASSEMBLYMAN VAN DREW: Just a question and a comment. Because, actually, it's a problem that's existed, and oddly enough it's a problem I have in my home that I, sort of, have given up on. And I have a friend of mine, who has a private company, he's going to try and help me. Later in the evening, certain stations -- and it's actually, in my home, gone on for years -- get quite fuzzy. I've heard that from hundreds of people in the 1st district and in Cape May County. Is that what you were alluding to?

MR. RICE: Yes.

ASSEMBLYMAN VAN DREW: And especially, it seems, at peak times when more people are watching. I've actually heard that there may be more-- I don't know what it is, but there's certain stations that I get not nearly as clear. Is that correct?

MR. RICE: That's correct.

MRS. RICE: That's correct.

ASSEMBLYMAN VAN DREW: Okay. We just wanted to know that.

And secondly, alluding to your other question about expanded basic, and that was what I was speaking about before, that was -- it's here that the State of New Jersey used to be able to control the cost that we no longer can, and that's why the rates have gone up so much, because it has been in that expanded basic that you're really paying a lot more. It's wonderful to have all those choices, but the cost has become very significant.

MR. RICE: Thank you.

ASSEMBLYMAN CARABALLO: At this time, Charles Russell, who is the Deputy Director of the New Jersey Board of Public Utilities, Office of Cable TV--

Let me explain, for the benefit of the audience, the entity that regulates electricity, all kinds of power, telecommunications, water, as well as the cable industry, is the Board of Public Utilities. It is a governmental entity that, in fact, all of these companies have to appear before for an increase in rates, any change in service. Whatever State government has authority over, we have delegated to the Board of Public Utilities the power to, in fact, effectuate that regulation. And Mr. Russell is the Deputy Director of the Office of Cable TV in the department of the Board of Public Utilities.

Mr. Russell.

**CHARLES RUSSELL:** Thank you, Mr. Chairman, Assemblyman Van Drew, for inviting us here today to give some background information and a sense of our experience in dealing with customers and cable operators on a

daily basis, on some key issues of great concern to the Committee and cable customers throughout the states -- specifically, late fees, appointment scheduling, outage credit, tariffs, and customer complaint reports.

The OCTV has been setting late fees for years. The impact of a cap, the fairness, the consequences, and the benefits of a capped late fee-- We have had four different hearings on this over the past 10 years, in an unsuccessful attempt to cap late fees. Under the present rules, after an account becomes delinquent, the operator can disconnect after 30 days after the due date, provided they've given a 15-day notice to the customer.

In our experience, cable operators don't always choose to disconnect serious nonpayers or delinquents. Such customers are sometimes allowed to run up bills of 300, or \$700, or more. If there was a limit on late fees, then the nonpayers would probably be disconnected sooner, instead of being subsidized by the timely paying customers.

Cable operators want to keep the customer, keep the account, and make the customer pay \$5 in an added at-the-door collection fee of \$26. The question we have is, how many times and how much should a delinquent have to not pay before the operator disconnects? We question the characterization of the \$5 fee as being nominal. It is not cost-based. It is punitive and is incurred only by virtue of customer's failure to pay on time. The cost is born, anyway, by a cable company, which already employs customer service representatives and a mailroom to handle such delinquencies.

The FCC has washed its hands of late fees, and called it a state issue. The Office of Cable Television has looked into late fees in other jurisdictions. As an example, in May of 1999, the Vermont PUC denied any

late fee charges for Mountain Cable -- not \$5, not \$1, there was no late fee at all. Their finding was: it cost zero more, and so zero is what could be passed onto the customer.

Washington, D.C., has a \$2.43 limit; Baltimore, \$0.50; Washington state, \$3.00; West Virginia, \$2.00; and Oklahoma has a 5 percent cap, but a maximum of \$6; Chicago, the cap is \$1.50, after 30 days; and in California, the legislature has pursued a \$4.75 cap. No one in that group is charging \$5 as a flat fee, and the average is, arguably, below \$3.

With respect to appointments scheduling, the Federal standard for a service call appointment window is four hours. Our present rule is four hours. The FCC allows scheduled calls and install activities outside of normal business hours and for the convenience of the customer, which would include the three-hour window, if the Legislature wishes. I think it's important to note here that the Federal law does allow stricter consumer protection action by the state. Equally important is that the Federal standards do not allow a company to cancel after the close of the business day, prior to the scheduled appointment; and the rescheduling of an appointment is to be at a time convenient for the customer. Either way, enforcing the Federal standards, as we are doing, until a rule or legislation of our own is adopted, the customer would be better served.

We are fortunate to be in a state that, for the most part, has been rebuilt, in terms of cable wiring, to provide advanced services such as the Internet and digital cable. As mentioned by the Assemblyman, outages are becoming shorter in duration, less frequent. The industry claims the proposal would cost tens of millions in new equipment, so the company would

automatically, would know, when the customer's service is out and whether the customer was home, to know they had a brief interruption.

Under the proposed legislation, automatic credit would kick in only 14.5 percent, or less, during all the industry outages in 2001. The point here is, this bill is not an onerous proposal for the industry.

ASSEMBLYMAN ASSELTA: Mr. Chairman, once again, I have to interrupt. Are we discussing legislation or are we just--

ASSEMBLYMAN CARABALLO: He's making reference to some of the issues that have been discussed in the past, and he's also making reference to a bill that's been introduced. So he's commenting on it.

ASSEMBLYMAN ASSELTA: Well--

MR. RUSSELL: Yes, general background and some--

ASSEMBLYMAN ASSELTA: I guess, Mr. Chairman, my problem is, I don't have a bill in front of me in my packet, that this Committee should have provided for, so that how can I, realistically, understand exactly what he's talking about here?

ASSEMBLYMAN CARABALLO: Mr. Charles is making comments that, I believe, are general in nature, and I believe are the kind that--

ASSEMBLYMAN ASSELTA: Through the Chair, he's being specific to a piece of legislation--

ASSEMBLYMAN CARABALLO: Well, he's being specific with respect--

ASSEMBLYMAN ASSELTA: --that I don't have a copy in front of me, and I'm just curious as to -- that should have been provided to this Committee hearing.

ASSEMBLYMAN CARABALLO: I indicated to you a little while ago that I would be, in fact, providing a copy.

ASSEMBLYMAN ASSELTA: I'm trying to follow along here, and it's getting a little confusing. I just want to note that for the record.

ASSEMBLYMAN CARABALLO: Okay.

Continue.

MR. RUSSELL: Our experience here is that outages are getting shorter in duration. Very few are the three hours, nonexempt -- nonexempt meaning it is the fault of the cable operator, which are the kind that I think this legislation is seeking to address.

Take U.S. Cable in Bergen County. Applying the rules, as stated in the bill, they would have owed the customers nothing in refunds for 2001. This also would apply in terms of regulations that the office would be seeking, whether it's through legislation or a stricter legislative manner.

If we look at Connecticut or New York, which certainly are not New Jersey, they have long-standing outage credit policies where cable regulation is within the Utilities Board's jurisdiction. New York has an automatic credit for four hours or more with some part falling between 6:00 p.m. and 12:00 a.m. Now, Connecticut has a very complicated formula. I don't want to go into that, but it's a reliability formula which uses qualifying outage hours, average number of customers, days in the month, and a 16-hour viewing day, plus a service reliability factor -- which creates a very complicated mechanism, making it difficult for the customers to really know when they are entitled to the credit.

The automatic credit in the Board's rules -- I might note here -- the Board has regulations which are being reviewed and a new rule-making has been underway, under the State's sunset rules, which require us to review -- periodically review our regulations. So, in that, the Board has proposed a rule which would kick in above the node, as the Assemblyman mentioned and, I think, his proposal would, also, would kick in above the node, which is the neighborhood level. So we're talking about a substantial outage that is within the control of the cable operator. In the event the cable operator cannot distinguish the number of customers out, he has to report the outage if it is 50 or more customers.

ASSEMBLYMAN CARABALLO: Mr. Charles, just one second. Are you going to be continuing to comment directly on the bill that had been proposed?

MR. RUSSELL: I can address it more generally, if you prefer that, Mr. Chairman.

ASSEMBLYMAN CARABALLO: Because otherwise what I would have-- I did not expect you to be this specific. I was going to wait to give everybody a copy. But if you're going to be specific, I will.

ASSEMBLYMAN ASSELTA: Yes. And a copy of his testimony, too.

MR. RUSSELL: All right. If the cable companies cannot pinpoint the number of persons above 50 customers deserving a credit, the cable operator can always come in and explain why their equipment is not sufficient, to ascertain who gets a credit. The industry has represented to us that in New

Jersey, cable television plant delivery is the state of the art, and we believe that any outage above the node is identifiable rather quickly.

Prices that are deregulated under the Federal law have nothing to do with the submission of a tariff to the OCTV or the Board of Public Utilities, representing that these charges to the customers are for regulated and unregulated services. We cannot allow a tariff to read one way, a rate card to have a separate charge, and a customer's bill to have yet another price.

Federal law allows for informational rate filings, even for unregulated rates. But that does not mean that the companies should be permitted to submit inaccurate or inconsistent rate filings. The customer is entitled to know exactly what the charge is. The problem for us has been that when a mayor, a customer, an assemblyman calls our office and asks for information on what the cable company is charging, we have to have consistent and accurate information available to respond to those people.

If the cable operator--

ASSEMBLYMAN ASSELTA: So he's saying he does not get that information, through you, Mr. Chairman?

ASSEMBLYMAN CARABALLO: Why don't we wait until he finishes, and then we can get to that.

ASSEMBLYMAN ASSELTA: No. I don't want to lose-- He's going through so much material here.

ASSEMBLYMAN CARABALLO: Well, I'm writing down questions, too. Trust me.

ASSEMBLYMAN ASSELTA: Okay.

MR. RUSSELL: Mr. Chairman, I can respond to that.

Presently, these tariffs, rate cards are filed with the office. The difficulty we've had is, we've been finding that they're not -- inconsistent or they're not kept current, and as a result--

ASSEMBLYMAN ASSELTA: You're giving wrong information.

MR. RUSSELL: We are concerned that we may be giving out wrong information. It's our concern that the cable companies submit this information, that it's accurate, up-to-date, and available to the customers and the public at large.

ASSEMBLYMAN CARABALLO: Do you have much more to go, Mr. Russell?

MR. RUSSELL: I wanted to just address customer service reporting. This has to do with providing-- This year, complaints are at an all-time high. Over the same period of January through October 2001 compared to January through October 2002, there's a 44.18 percent increase in complaints to the Office of Cable Television. These are not calls, but actually recorded complaints that a customer asked us to investigate and resolve. These instances, when a complaint file opened, are 19,633 for 2002 -- versus 13,617--

ASSEMBLYMAN CARABALLO: I'm sorry. Could you repeat that first number again?

MR. RUSSELL: Yes. This is through the end of October, which may update some previously released information -- 19,633 complaints versus 13,617. Now, 96 of that 19,000 were inquiries, not complaints. But the difference we're talking about, here, is almost 6,000 more complaints in one year. The chief consumer concerns we get over cable tend to focus on tariff

rates, fees for cable services, billing problems, inability to reach the company, poor reception, quality of service, services outages, and governmental regulation. The governmental regulation complaints, generally, being the government doesn't have sufficient control over programming rates, as has been previously mentioned.

The industry has always been very interested in obtaining our complaint data, which we regularly provide to them on a quarterly basis. Our concern is that we have a broader base of information available. We would like to be able to obtain information which will give us a better measure, as well as an opportunity for the industry to demonstrate that they are resolving the problems before us, before the customers come to us. Very often, we'll hear from the industry that complaints that we are hearing from customers are not a problem. They're saying they don't get that sense, from the calls they're getting, that what we perceive as a complaint or a problem is a real problem. By having more data and complaint reports from the companies -- the reports that they are getting internally -- we would be able to make a better assessment of that and, generally, have a more detailed picture of the problem.

In conclusion, I'd like to thank the Committee for holding this hearing today and thank Assemblyman Van Drew for taking an initiative here with some legislation, which we see is providing some solutions to some significant customer concerns. We do remain open to options and alternatives.

Thank you, Mr. Chairman.

ASSEMBLYMAN CARABALLO: At this time, what I'd like to do is this, before -- because, I'm sure, there are going to be some questions-- I

have one or two questions. But rather than just have questions, why don't we--

Karen, would you like to come up?

Karen Alexander, who is the President of the New Jersey Cable Telecommunications, who has appeared before us--

Yes, give her the mike. (referring to PA microphone) You can stay there.

Welcome again.

**K A R E N A L E X A N D E R:** Thank you.

Let's see, this is 2002, and I think this may be my fourth appearance before this Committee. This is a record for me.

ASSEMBLYMAN CARABALLO: Could be.

MS. ALEXANDER: I hope that the opportunity to testify before the Committee today and in the past has proven to be helpful in terms of your desire to get information to support activities that the Committee might pursue.

I represent four of the seven cable television companies who are doing business in New Jersey. Those companies provide service throughout the state to approximately 96 percent of all cable customers in New Jersey. So the three remaining, who have not chosen, voluntarily, to participate in our trade association, are providing service, basically, to only 4 percent of the customers.

There are a number of issues that have been brought up today. I had some general comments that I was going to make, which I will summarize in order to be able to get into some of the specifics that have come up here today. First and foremost, New Jersey is one of the few states that can truly

say that the cable industry came to first to make its investments in advanced infrastructure. South Jersey in particular -- I'm sure residents can remember prior cable operators who made promises to deliver new and advanced services, promises that were not delivered.

Comcast came into the South Jersey area in 2000 and 2001, in different areas, and in just a little bit over two years, has spent in excess of \$3 million to upgrade its facilities in order to provide advanced services to residents of South Jersey. The kinds of services I'm talking about are digital cable TV, which, if a customer chooses, can also allow them to get high definition television. It includes high-speed Internet access. It's fair to say that South Jersey cable technology represents some of the most advanced technology in the United States.

That being said, we're aware, in the industry and in the company, specifically, that there are both legislators and citizens who have concerns about the industry's performance in a number of given areas. We have been in dialogue with both the Committee, individual legislators, as well as the Board of Public Utilities over the years about some of these issues, and frankly, we don't always see eye to eye or agree as to what the facts are. That's a part of the Democratic process. Everyone is entitled to their opinions.

I would like to share with you, though, some of the facts, as we see them, in terms of the impact of some of the legislation that's been proposed. I was glad to hear from Assemblyman Van Drew that he plans on, apparently, modifying his legislation so that it would only affect node outages or above, because its original form, as we had seen it, I don't believe reflected that.

We have explained to the Board of Public Utilities in the past that, where outage credits are concerned, while we do, in fact, have state-of-the-art equipment, not all cable companies have spent the extra amount of money to know whether or not a given street or an individual home has experienced an outage. The money that would be involved to do that is not insubstantial. We have, as Mr. Russell reflected, disagreed as to whether or not that is the case, and we will continue through this forum and with the BPU to have discussion about that.

We'd encourage any legislator or regulator or, for that matter, customer that might have an interest in seeing how our facilities operate -- so we can explain in more detail what we mean when we say what the node level is -- to please contact us, and we would be delighted to do that.

The outage credit proposal, as it is presently written in the legislation, we believe, could cost New Jerseyans multiple millions of dollars, because those are dollars that the cable operators would have to pay that would be passed on. The amount of that money would be lessened, it is, in fact, true, if the bill were modified to affect only outages that occurred at the node level. But when we say the node level, we could be talking about as many homes -- as few as 500 to as many as 2,000 homes. It could very well be that among 2,000 homes, only one home experienced an outage for a reason that the cable operator may not have been aware of. And if that customer chooses, or doesn't know, for example, to call the company to inform them that they've experienced that outage, all 2,000 customers would qualify for a credit, whether or not their service had been out -- because we don't have a way to

know whether or not the other 1,999 had experienced an outage unless we get enough calls to trigger an investigation in the field.

That is the issue that, I believe, Mr. Russell was referring to in terms of state-of-the-art technology. We are prepared to demonstrate, to anyone who would like to see it, that it is, in fact, the case -- that the kind of equipment that is necessary to know, below the node and to some extent even above the node, is very expensive to install.

But I think the more important point to think about is that cable-system reliability is 99.99 percent. And what that means is, we are looking to impose new regulation or legislation to cover less than 1 percent of instances where customers may not have service. We're asking that, to the extent that you want to do that, make sure that it is, indeed, a customer that has lost the service -- not have it necessarily, unintentionally, apply to those who it may not have.

The late fee issue that was described: The BPU has insisted -- and Mr. Russell is correct to say that we've been in discussions with them about this for 10 years, and it initially was brought up under the Florio administration. And at that time, the President of the BPU, Ed Salmon, agreed with the industry, as did the majority of the commissioners, that, in fact, the industry should not have their late fees capped, because it would not allow us to recover the cost that it takes the companies to collect delinquent accounts. It may, in fact, be the case that operators will allow a customer service to continue on beyond the 30 days that's allowed. We do that for two reasons. Many times, people have overlooked their bills. It is our intent to try to give them reminders. We would prefer to not lose customers. Obviously,

if over a period of time there continues to be nonpayment, then a disconnect should ensue. I think the question we would impose--

(interruption by school announcement)

ASSEMBLYMAN VAN DREW: Reminiscent of days before.

(laughter)

MS. ALEXANDER: The question we would pose -- which I think I have forgotten-- (laughter)

ASSEMBLYMAN CARABALLO: You were talking about the cap.

MS. ALEXANDER: Yes, the late fee, yes. It's gone. It's one of those senior moments.

ASSEMBLYMAN CARABALLO: You were saying it was 5 percent. That they didn't want to cap it. Salmon and others did not want to cap it, because they wanted to allow you to--

MS. ALEXANDER: Oh. And the commissioners agreed, at that point in time, and have, consistently, three additional times since, when the rules have been proposed, to not establish a cap on late fees. We spent -- three years ago, the Association did -- about \$100,000 to have an accounting firm come in and, actually, do a study that demonstrated that the cost of collecting a delinquent account for most operators in New Jersey, three years ago, was \$9.43. There is no operator in New Jersey that charges a late fee that's in excess of \$5.

(interruption by school announcement)

No operator in New Jersey charges a late fee in excess of \$5. What that means is they're eating the difference. And while that may be something that people think of in disbelief, the reality is that it is in the cable company's

interest to keep and retain customers, particularly in this time when direct broadcast satellite operators, who face no regulation, are competing heavily for cable TV customers.

The Board of Public Utilities staff, over the years, has disagreed with us about our numbers. And that's why I was saying before that reasonable people can disagree as to what the facts are. I would just hope that the Legislature, in looking at this issue, would be willing to look at some of the statistical data that we've come up with as well. And I believe, when you have a meeting on the bill, specifically, we may have an opportunity to present that at the time.

The customer service complaint issue is not so much a matter, from the industry's perspective, as to whether or not we should or should not have to report information. It's in the operator's best interest to serve the customer well. When it comes to management's attention that that's not happening, it behooves them to act on it. Otherwise, they do risk losing customers. And as I said, in this time of enhanced competition, keeping customers is a major priority for the cable company.

That does not mean that there are never times when customer service is not what it should be. We're not perfect, and we need to know when things are not going right. We've participated in the League of Municipalities Convention over the last few days, and we have a booth there for four days. And municipal officials come by, and we hear from time to time about some situations that have come about that have caused customers some concern. When we hear about those, it's passed along and addressed through the regular company channels. I don't know that requiring additional reports about

complaints that are coming in will necessarily find an improvement in the minority of times that there may be a customer service problem.

The complaint statistics that Mr. Russell refers to, where there was about a 6,000-number of complaint increase from one year to the next, I think is a little bit misleading, and let me tell you why. There is no uniform definition used by the Office of Cable Television as to what a complaint is. So if you were to call and indicate that you were displeased with X, Y or Z thing, and it were very obvious that that was, in fact, a complaint, than that would go as a hatch in one of the categories that they keep. But it's also possible that, in the process of that conversation, other issues may come up, which may be related to confusion, for example, about something having to do with the bill. That could then, again, become another hatch.

Additionally, there are a number of issues that come up that they field calls for, as do we, that are about issues over which neither the industry nor the legislator or the BPU have control. That's the cost of programming, for example, or what programs are being offered at what particular time.

When HBO takes an 18-month hiatus from the *Sopranos* and people are upset about that, we understand that concern. But the cable company does not have the ability to turn to HBO and say, "Fix that problem." That's their production issue. That has to do with things that are entirely unregulated. But it's also those kinds of things that cause the kind of cost increase that consumers are talking about. The cost of providing cable television programming today is higher than ever before. And while rates have, in fact, gone up for those consumers who are experiencing -- who want the most popular packages in the expanded range, it is also the case that they are

getting more channels today than ever before, and for less on a per-channel basis than ever before. This is in spite of the fact that the cable operator is seeing rate increases, passed on from the programmers, upwards of 10 percent, 15 percent every single year.

So, when a cable operator passes on a rate increase of 5.9 percent in that expanded basic tier, yes, that is significant for the average consumer, but it is withholding a significant amount of money that the cable operator still has to pay to the programmer in order to be entitled to have that programming. Programming costs reflect things like actor's salaries, the salaries and contracts that are paid to athletes.

The Rices talked about some issues, in particular, that I'd like to address very briefly. One is that in this area of the state, the lowest level of service that's offered is limited basic. That limited basic service includes 26 channels. That is not the case everywhere around the state. There are some areas within New Jersey where the least costly service, basic service, is nothing more than the broadcast channels and maybe three or four others.

In this area of New Jersey, customers can get things like TNT, within that limited basic package, for under \$10 a month. The \$43-a-month rate that the Rices were addressing is for the expanded basic package. And if I understood what they were describing as the channels that they'd like to get, what probably tips them into that expanded basic range is Mr. Rice's desire to have ESPN. ESPN is not offered within that limited basic package. It is also one of the most costly program elements the cable companies have.

ASSEMBLYMAN VAN DREW: Karen, excuse me for one second. We knew, out of the two of them, if the person that was creating the problem would be Mr. Rice and not Mrs. Rice. (laughter)

MS. ALEXANDER: I think Mrs. Rice -- you didn't see that, but when she came up here -- and you'll forgive me for talking out of school -- she told her husband, "You should handle this yourself." (laughter)

But in any case, where a customer has concerns about how much they're paying for their cable, they have the opportunity to call customer service and talk about what else might be available to them at a cost that is more affordable. In this instance, I'm afraid, because we cannot offer for every individual customer the ability to pick and choose which channels they want-- And I'll explain why in a minute.

In an ideal world, I could pick the five channels that I wanted and pay \$20 a month for that and be done with it. And Assemblyman, you could pick the five channels that you want that are different from the ones that I've chosen, pay \$20 a month, and be done with it. That's what we'd all like to see. That's not the way it happens. And the reason that's not the way it happens is because individual programmers come to the cable companies, and particularly those that have the programming that is the most popular -- ESPN being one of them -- and they negotiate what the per subscriber, per month cost is going to be. That per subscriber, per month cost is not insubstantial. When you look at how it's presented to the customer, typically it's in a package, because it's in the programmer's best interest to maximize the number of customers that have their channel.

So if I am the cable company, and Discovery Network comes to me and I say to them, "I can give you 100,000 customers in this area, because I know that's how many people will subscribe to that expanded tier of service," that's going to incentivize Discovery to reduce the per subscriber, per month charge that they put to me. If Discovery were unwilling to do that -- and the YES situation that we had in North Jersey is a perfect example of that, where you have a program network who was insistent that their programming be offered within the basic tier of service, so that everyone would have to pay even if they weren't interested in seeing the Yankees. But in Discovery's case, they say, "You know what? We're going to maximize our opportunity here."

If a cable operator said to Discovery, "We don't want to do that anymore. We want to let our individual customers pick and choose whether or not they want the Discovery Channel," the cost that Discovery Channel would then charge the cable operator would skyrocket. And while you may want to pick just five channels, the price per channel would go through the roof and well in excess, we believe, of what customers are paying on the expanded basic range today.

So that's why we do hear the complaint often that people are getting more channels than they want. We do not have the ability to offer a la carte packages at a rate that customers would find attractive.

And I think, Mr. Chairman, I will conclude there. I'm sure I've missed something.

ASSEMBLYMAN CARABALLO: Before my colleagues have some questions, I'd like to ask a couple, if you don't mind? You said something that

I want to -- I would like Mr. Russell to respond to. You indicated -- and let me know if I'm correct -- that there is no uniform definition of a complaint?

MS. ALEXANDER: Not that we can see on the form that they share.

MR. RUSSELL: Well, we have about 24 complaint item categories that are classified. I think what I'm hearing here is, a customer calls in -- he might have a billing problem. He'll call in to us and say, "I have this billing problem," and he'll also say, "I couldn't get through to the cable company because we couldn't get through on the phone. The phone lines were tied up." That is counted as two complaints, because he's complaining about two different issues.

ASSEMBLYMAN CARABALLO: Well, let me ask you a question. If they call in indicating that the HBO package, whatever that package is, costs too much, would that be considered a complaint?

MR. RUSSELL: Well that's a complaint about rates--

ASSEMBLYMAN CARABALLO: But--

MR. RUSSELL: --which is an unregulated.

ASSEMBLYMAN CARABALLO: Okay. But would you count that as a complaint?

MR. RUSSELL: I believe so, yes.

ASSEMBLYMAN CARABALLO: So, therefore, in the 19,000 complaints that you're indicating to us, as of last October 31, many of those might have been complaints about something that neither the State, BPU, nor the company have any jurisdiction over.

MR. RUSSELL: Yes. Mr. Chairman, what we would do is look at the individual categories, because many of those categories are areas where we do have jurisdiction.

ASSEMBLYMAN CARABALLO: Okay. Could you do me a favor for the next hearing, for November 5? I would really appreciate it if you would ask your office to segregate the complaints. And if you have a check-off system, obviously, then you can segregate. I would like to, of the 19,000 complaints, for example, that were logged, as of October 31, I'd like to see how many of those are about areas that we have, as a State, jurisdiction over; and complaints about things that we don't have jurisdiction over -- and include in that areas that the cable company has no jurisdiction over or no ability to correct.

MR. RUSSELL: Well, in that respect, there may be room for disagreement, because--

ASSEMBLYMAN CARABALLO: That's fine.

MR. RUSSELL: --the cable companies negotiate with the program providers for their rates.

ASSEMBLYMAN CARABALLO: But you'll be able to give us, by December 5, an idea of the breakdown.

We'll get to questions in a second. I just want to follow up on one other--

MS. ALEXANDER: Mr. Chairman, may I add something related to that?

ASSEMBLYMAN CARABALLO: Sure.

MS. ALEXANDER: Among the things that we believe are included in the complaints for that year, are about 7,000 calls that came in specifically related to the Excite@Home bankruptcy, which caused a number of Comcast customers, specifically, to lose their high-speed Internet access service. That is an unregulated service. It is one, certainly, that the BPU has an interest in knowing how customers feel about it. But I think that might be in that as well.

ASSEMBLYMAN CARABALLO: Would you be able to tell us if that figure is accurate?

MR. RUSSELL: I think we have some separate data on how many calls were related to that.

ASSEMBLYMAN CARABALLO: Go ahead.

MS. ALEXANDER: I'm sorry. Related to that, also, on the complaint statistics, where Mr. Russell reflects that the industry has some control, because we have negotiating power, the reality today is, if all the companies are not offering the vast majority of the packages that most people want -- the ESPNs, the Discovery, those kinds of channels -- we really don't have a choice, because people will walk away from our service.

ASSEMBLYMAN CARABALLO: All right. One last question.

Ms. Alexander, you talked about "in this time of enhanced competition," and we've had these hearings before, and we've talked. I know what you're talking about, but you're talking about the competition that comes from satellite. What's the percentage, if you know--

MS. ALEXANDER: As of a few months ago, and Mr. Russell may have more up-to-date statistics on this, the percentage of penetration -- and by

that we mean the number of multi-channel video households, people who have subscriptions to the ability to see multiple channels of television, was around 14 percent in New Jersey.

ASSEMBLYMAN CARABALLO: And that's--

MS. ALEXANDER: And that's out of the entire New Jersey number of households with television sets. Now, the cable companies provide service to -- that's including the companies that are not members of our Association -- to about 2.5 million customers in New Jersey. The rate of growth in the DBS sector has been dramatic over the last five or six years.

ASSEMBLYMAN CARABALLO: Okay.

Questions?

Assemblyman Geist.

ASSEMBLYMAN GEIST: Thank you, Chairman.

ASSEMBLYMAN CARABALLO: Sure.

ASSEMBLYMAN GEIST: Good afternoon, everybody.

By the way, I'm one of your neighbors. I represent District 4, which includes Newfield and Franklin Township. So I'm happy to be here in friendly Vineland with two distinguished members of the Assembly South Jersey delegation.

I have a couple pointed questions, to you Charles. I note today -- and I say this with a lot of respect -- I note today, and everyone in this room should note, you came here today from Newark. Is that true?

MR. RUSSELL: Yes.

ASSEMBLYMAN GEIST: Your office is in Newark.

MR. RUSSELL: Yes.

ASSEMBLYMAN GEIST: I also note your telephone number is 973-648-2791. Is that not true?

MR. RUSSELL: That's my direct number.

ASSEMBLYMAN GEIST: That's your direct number.

MR. RUSSELL: Yes.

ASSEMBLYMAN GEIST: The 973 number. Now, I'm an 856 guy--

MR. RUSSELL: Yes.

ASSEMBLYMAN GEIST: --and a lot of people are 609 people.

MR. RUSSELL: Okay. We have an 800 number.

ASSEMBLYMAN GEIST: But you don't even have that on your own slip. My point is, I bet most of your calls are disproportionately from those closer to Newark. I bet most of those calls are disproportionately in the 973 area. I have never seen any data relative to South Jersey. I know of no South Jersey office. Do you have a South Jersey office?

MR. RUSSELL: We do not. There is an--

ASSEMBLYMAN GEIST: You do not. You do not have a South Jersey office?

MR. RUSSELL: That's correct.

ASSEMBLYMAN GEIST: So, if I want to go to your office, respectfully, as a concerned Assemblyman, I have to go to Newark? Is that accurate?

MR. RUSSELL: That's correct. Although--

ASSEMBLYMAN GEIST: How do you, respectfully, criticize the cable industry in terms of serving South Jersey when you don't even have an office in South Jersey? Can you answer that question?

MR. RUSSELL: No, I can't. We do have an--

ASSEMBLYMAN GEIST: How am I, an Assemblyman, supposed to know that you have a toll-free number when I've yet to see any stationery, letterhead, correspondence, or even your own witness declaration that says you have a toll-free number?

MR. RUSSELL: That number is on the cable bills. It's also posted on our Web site.

ASSEMBLYMAN GEIST: Mr. Chairman, you can see I speak with a little passion. Because if we're going to get to focus on South Jersey, we need them to be able to serve South Jersey. I would like, if you could, through the Chair, when you're asking him for the specific data, to find out where these complaints are coming from -- literally, geographically, where are they coming from.

ASSEMBLYMAN CARABALLO: Do you have that capability now, Mr. Russell?

MR. RUSSELL: I--

ASSEMBLYMAN ASSELTA: It's going to cost him a lot of money.

MR. RUSSELL: I believe it would take a lot of staff time to-- We would have to look at individual complaints.

ASSEMBLYMAN CARABALLO: Then, actually, if you don't mind, Assemblyman Geist, I am going to speak directly to -- and the reason

I'm stating this is that the one thing I must, absolutely, respect is that -- Assemblyman Geist, this is not the first time I've heard you make this statement.

ASSEMBLYMAN GEIST: Thank you.

ASSEMBLYMAN CARABALLO: You've made it when the Chair was a Republican--

ASSEMBLYMAN GEIST: Thank you.

ASSEMBLYMAN CARABALLO: --the administration was a Republican--

ASSEMBLYMAN GEIST: Thank you.

ASSEMBLYMAN CARABALLO: --just as you're making it now--

ASSEMBLYMAN GEIST: Thank you.

ASSEMBLYMAN CARABALLO: --when we're Democrat. So you've been consistent.

ASSEMBLYMAN GEIST: Thank you.

ASSEMBLYMAN CARABALLO: You are not being--

ASSEMBLYMAN GEIST: Thank you.

ASSEMBLYMAN CARABALLO: --and I don't take this as being partisan at all. You've been very consistent. But I pledge to you the following: Now that I am the Chair, and that you've once again raised this issue--

ASSEMBLYMAN GEIST: Thank you.

ASSEMBLYMAN CARABALLO: --I'm going to be meeting with the BPU president to see if there isn't some way we can actually make this a routine way of doing business, so that we can find out. I'm assuming that the reason we can't find out now is because we've never geared up for a reporting

system that would account for that. So what I will do, in response to what you're saying, is, I will meet with the BPU president and speak to her about doing something along those lines. Because I remember you making this point four years ago, two years ago.

ASSEMBLYMAN GEIST: Thank you. Thank you, Chairman.

MS. ALEXANDER: Mr. Chairman?

ASSEMBLYMAN CARABALLO: Yes.

MS. ALEXANDER: In defense of the BPU, this administration and all past, one of the issues for the Office of Cable Television is that they are not able to be fully automated as yet. And to the extent that, in looking at the customer service issue, there is a way to help them become better automated, in order to be able to get at that kind of data, it would be helpful to us to know that as well.

ASSEMBLYMAN CARABALLO: I will follow up on this, Mr. Geist.

ASSEMBLYMAN GEIST: Thank you, Chairman.

ASSEMBLYMAN CARABALLO: Did you have anything else, Mr. Geist?

ASSEMBLYMAN GEIST: Not right now.

ASSEMBLYMAN CARABALLO: Okay.

ASSEMBLYMAN VAN DREW: Just a few questions. Why are the costs so high in delinquent accounts or an account that somebody is a few days late? You have to send a bill anyhow. What are those separate costs that drive it up to cost you so much? It would seem to me that that would be part of-- They get a bill anyhow. They get a bill that puts a late fee on. So it's a

matter of processing that late fee with the bill. Why is that so expensive for you to do that?

MS. ALEXANDER: Because there is an entire separate staff, of collection staff, that are dedicated to trying to get people to pay their bills. That's one issue. For accounts that are seriously delinquent and are in an outside collections agency, then there are some additional costs. Recognize that we're talking about, of all 2.5 million subscribers in this state, only 4 percent fall into this category of delinquent accounts.

ASSEMBLYMAN VAN DREW: Yet, if I understand the BPU right, in discussing this in the past and with others, because those fees keep going on, plus other additional fees, if they eventually do pay up, my understanding is -- and I don't mean, and please don't take this the wrong way -- but it almost is like, a sense like, it's predatory lending and that, boy, by the time you're done, you are a number of months behind, you have your bill, and then you have so much more to pay on top of it that it is, actually, a source of added income for the cable company. And obviously, I guess, the BPU and the cable companies are not going to agree on that, but that is my understanding of it.

MS. ALEXANDER: Actually, that's probably not the case, especially given the cost that the operators are incurring are not being covered by the late fee itself. It's the rare case that people are allowed to run up bills, as we've just been talking about, to that extent. I think, for customers who take it as their personal responsibility to pay their bills on time, that we need to ask ourselves, why are we putting in place special protections for those who do not? Anybody that has extraordinary circumstances -- an illness, a death

in the family, loss of employment -- that contacts their cable operator can make special payment arrangements. We are not talking about people who want to pay their bills.

ASSEMBLYMAN VAN DREW: Also, I know you alluded to the reporting mechanism. I feel strongly that we should have a reporting mechanism from the cable companies to the BPU, and I, also, feel strongly that the BPU's internal mechanism could be better.

I just have to tell you: I have here -- and anybody is welcome to look at it-- And I haven't been a legislator for 10 years. These are all (indicating letters) -- and these are unsolicited. These are all cable complaints of all different reasons, all different areas, whether it's Vineland, Millville, Cape May County. And this is only a little section of them that we have here -- we just pulled out of the file real quickly. We have a lot more than that.

MS. ALEXANDER: I'm sorry, Assemblyman. None of those are the result of the polling that was done, asking people that if they had cable concerns to call?

ASSEMBLYMAN VAN DREW: No, incorrect. It was not done as a polling. Polling was done in other districts. It was not done in our district. I never polled or asked anybody.

MS. ALEXANDER: Okay. So none of these people would have been in that category.

ASSEMBLYMAN VAN DREW: These are unsolicited. These are people that called our office with no prior information and just said, "We're having a problem."

MS. ALEXANDER: Okay.

ASSEMBLYMAN VAN DREW: There was no polling done in my district whatsoever.

ASSEMBLYMAN CARABALLO: Ms. Alexander, excuse me. What polling are you referring to?

MS. ALEXANDER: It came to our attention a few months ago that there was some polling being done in key legislative districts that will be hotly contested next year, inviting citizens, if they have an issue with their cable company, to give the individual legislative offices a call.

ASSEMBLYMAN CARABALLO: Do you know who was responsible for the polling?

MS. ALEXANDER: I understand who we are told was responsible for that reporting. I could not present that to you in official documentation.

ASSEMBLYMAN VAN DREW: Chairman, it's my understanding it might have been in the 3rd Legislative District. It was not -- and I want to make that clear -- it was not in the 1st Legislative District. These are unsolicited.

ASSEMBLYMAN CARABALLO: Okay. This is the first time I've heard about it, so I--

ASSEMBLYMAN VAN DREW: There was a prerecorded call that went out, but that was not in our district.

MS. ALEXANDER: Okay.

ASSEMBLYMAN VAN DREW: God help you if we had done that, there would be a stack this high. (indicating letters)

I had one more question, and then I'll let you go. Tariffs. I want to understand that, because you have a considerable disagreement with the

Board of Public Utilities, and, perhaps, with me, what a tariff is for. My understanding -- and I'm only a dentist -- but my understanding is that a tariff is formulated, in conjunction with the Federal Government, with the regulations. It is the prices, the fees that you can charge for various services and products that the cable company puts forward. It's my understanding that you think, for lack of a better term, that it's more advisory. That it's there, but you don't have to stick to those numbers. That those numbers-- And that when they get calls -- and, again, that happens to us, as well, and I have individual stories. When somebody says, "Gee, why am I being charged this amount of money?" or "Is this the right amount of money?" we're not even able to determine if, indeed, that number is accurate. Shouldn't we have a list that we know is accurate, that we know that you stick to, that we know that the BPU can abide by and work with, and that we even know, frankly, as legislators, that that's an accurate number?

And finally -- and then I'll be quiet -- I agree with Assemblyman Geist, and I would wonder if there was an office down in South Jersey, how many more complaints would emanate from the South Jersey region and how much higher the numbers would become?

MS. ALEXANDER: May I respond to the question?

ASSEMBLYMAN CARABALLO: Sure, absolutely.

MS. ALEXANDER: Related to the tariff issue, the BPU, at our request, some months ago, as they were looking at revising their rules, held a roundtable meeting in which interested parties were invited in to discuss -- both to hear what they were planning on proposing in terms of changes and to hear from the interested parties as to the changes that we wanted.

One of the issues that we raised with them is that, by all means, not only do customers have a right to know what they're being charged, but the board has a responsibility to know what that is, and therefore, we have an obligation to make sure that they know it. It is, in fact, the case that there have been times when the rate card that customers receive -- and if you subscribe to cable, you've seen the rate card; it comes in a little pamphlet form -- has differed from the tariff, which is the document that contains the same information that is sent to the BPU. Sometimes that is because of a clerical error where you've got two different departments who are preparing these many reports. Sometimes it's because the customer is receiving information about limited-time promotions that are, typically, for unregulated services that we don't always inform the BPU about, because by the time the notice would take place, the promotion is over.

They have a legitimate gripe any time a cable company has not submitted up-to-date information to them. They already have an enforcement authority to take action against that cable company. Our suggestion was that we streamline the process, and instead of having a rate card, which is prepared by different people than prepare the tariffs, that we submit the rate card to the BPU and get rid of the so-called tariff.

The New Jersey Cable Act describes the tariff as an informational document. We do not minimize the importance of them having that information. But for every person that touches a document, and for however many different documents you have with different names, you're going to increase the chances of errors and oversights.

So our suggestion was, let's figure out a way, together, to streamline this so that we are going to make mistakes less often, and you will have more timely information. The response we got during that meeting was, "We can't be going to the file to pull a rate card for all 87 districts every time a customer has a call." That may be a legitimate problem from a staffing standpoint at the BPU. I'm not sure that it negates the staffing issue that we have in having to prepare multiple documents that are providing the same information.

ASSEMBLYMAN ASSELTA: Mr. Chairman?

ASSEMBLYMAN CARABALLO: Mr. Asselta.

ASSEMBLYMAN ASSELTA: Give the Assemblyman down there an opportunity.

ASSEMBLYMAN CHIVUKULA: Yes. I have a couple of questions about the procedural thing. Before you go around automating your process, you need to have a process. One thing you just said that triggered something in my mind is that -- when a customer calls saying that he or she is having a billing problem, and then they say they're unable to reach the cable company -- did whoever answers the phone call ask whether that is related to the billing, or are you just-- How do you arbitrarily make it two complaints that's supposed to be -- could be one complaint: that they have a billing problem and they're not able to reach the cable company to resolve that?

MR. RUSSELL: Well, basically, we see that as two different problems to be addressed -- the billing and the access.

ASSEMBLYMAN CHIVUKULA: Do you have a procedure that-- Let's say, I'm an operator. I'm sitting at the BPU, and then I get this call. Do

I have a procedure I follow when I make it two complaints and when I make it one complaint?

MR. RUSSELL: They have a check list. If the caller made both of those statements, that would be treated as two complaints.

ASSEMBLYMAN CARABALLO: It's just a checklist.

ASSEMBLYMAN CHIVUKULA: Also, one more follow-up question. Do you also have a checklist for separating the cable-related complaints from the Internet high-speed access-related calls?

MR. RUSSELL: We have recently started tracking Internet related--

ASSEMBLYMAN CHIVUKULA: So this 19,000 you talked about, that includes that categorization?

MR. RUSSELL: Well, I believe the Chairman has asked us to look into that -- the Internet complaints. I can't answer right now whether that 19,000 included the Internet complaints or not, but we can find that out for you and get that information.

MS. ALEXANDER: Mr. Chairman, might I address the complaint issue?

ASSEMBLYMAN CARABALLO: Absolutely.

MS. ALEXANDER: We don't think it's not legitimate for the BPU to count that as two complaints, and let me explain why. There's a regulation on the books that says that cable companies must answer 90 percent of their incoming customer service calls, basically, within 30 seconds or less. So, when a customer can't get through to the cable company, that means that there may be a problem with our phone system and our ability to meet that

requirement. So, when they count that as an issue, that is probably a legitimate issue. There are other instances, however, where they really are not related.

The example that Chad used, definitely, could be divided into two complaints. But there are others that really are not, that is just the evolution of a conversation.

ASSEMBLYMAN CHIVUKULA: My question is, I wasn't questioning how they're making it two calls or one call. That was not the question. What is the process? What is the thinking that goes behind-- How do you classify or put them in different buckets, whether the billing related thing or unable to get through--

MS. ALEXANDER: You mean, like, is there training for the staff who are doing this and some definitions?

ASSEMBLYMAN CHIVUKULA: No. What procedure do they follow? That's the question. That's not clear.

MR. RUSSELL: I think, maybe if we could provide the list of the categories to you--

ASSEMBLYMAN CARABALLO: Yes.

MR. RUSSELL: --that would help you understand better our sorting process.

ASSEMBLYMAN CHIVUKULA: Mr. Chairman, I would like to see, also, the process. If a call center operator or the BPU operator -- what is the procedure he or she goes through when the incoming calls are coming in with the complaints, whatever the nature of the complaints may be? What kind of checklist they have? What is the logic they use in determining whether

there's one complaint-- It could be four complaints. Maybe we are losing out on two complaints.

ASSEMBLYMAN CARABALLO: All right.

Mr. Asselta.

ASSEMBLYMAN ASSELTA: Go ahead, George.

ASSEMBLYMAN GEIST: Thank you, Chairman.

I wish I could stay on your Committee. (laughter) This is fun.

Let me focus on something that I've not heard today. You used the bucket reference. I got a question for you. Is there a good bucket next to the bad bucket? All I've heard today is about the bad.

ASSEMBLYMAN CHIVUKULA: The bad.

ASSEMBLYMAN GEIST: Respectfully, do you keep track of anything that they do right? Do you keep track of the service calls where people call you up and say good things? I'm just curious. In my office, if someone likes a bill, they call me up, and say, "Assemblyman, I liked that bill," or "Assemblyman, I don't like that bill." That's part of government listening and learning. Or are you strictly designed to have a bad bucket only?

Mr. Chairman, I think it's a fair question, because I'm wondering about what their role is? Is the role to enable them to be the best they can be, to let them know what they're doing right, and encourage them to do more of it, or is it strictly to take a bad bucket and then dump it on them?

MR. RUSSELL: Well, I--

ASSEMBLYMAN GEIST: Do you have a good bucket? Do your forms have good questions?

Thank you, Chairman.

ASSEMBLYMAN CHIVUKULA: I have a copyright bucket.  
(laughter)

ASSEMBLYMAN VAN DREW: I bet you, when they come along, they like getting them. It's like, when you're elected office, and, actually, somebody calls up and says, "You did a good job." That's like a great feeling, isn't it? It's like, yes. They're usually-- (laughter)

ASSEMBLYMAN CARABALLO: Do you keep track of any positive statements that are made about the cable industry?

MR. RUSSELL: Well, by the nature of the term *complaint*, we're a complaint office, sir, under the State Cable Act, so we're focused on receiving complaints. Human nature as such, I think that people don't complain to the government -- call the government when the cable operator is doing things right. I think the way that you assess that is whether the complaints are up or down. There have been years when the complaints have gone down significantly. It has fluctuated--

ASSEMBLYMAN CARABALLO: The absence of squawking means it's good.

MR. RUSSELL: They're doing it right.

ASSEMBLYMAN CARABALLO: Okay. Okay.

MS. ALEXANDER: Can I add something to that?

ASSEMBLYMAN CARABALLO: Sure, absolutely.

MS. ALEXANDER: I think context is important also. Even if the 19,000 number was all-cable related and all related to regulated services, which I don't believe that it is, if you look at that number in comparison to providing service to 2.5 million people, I dare say there are very few other industries that

could say that, that they have a complaint officer, that is -- when they send their bill, that their name and address and phone number is listed on -- who would have numbers like that. That number is inflated, we believe. Not intentionally. And so, when you're looking at the very small percentage of customer total that are making complaints, it doesn't mean-- Like I said, it doesn't mean there isn't room for improvement, but I hope that you'll look at it in context.

ASSEMBLYMAN CARABALLO: Mr. Asselta.

ASSEMBLYMAN ASSELTA: Thank you, Mr. Chairman.

It seems like this very enlightening Committee hearing -- because it's almost ironic that we're focusing on one industry, yet we're finding out that the BPU may be where the scrutiny must really come. And hopefully, through this meeting, we can make them a little more efficient and bring them into the next century.

I guess my question -- I wanted some foundation information from you. I lived in this town, a mile from here, for 51 years. I've seen so many cable companies come in and out of this community and this region in the 1st Legislative District. How long has Comcast now been here and what's been the investment?

MS. ALEXANDER: The first acquisition that Comcast made was in the year 2000, and that was some prior cable properties that were held by Suburban Cable. A year or so later, there were some properties that had been in the ownership of AT&T which transferred to Comcast. So, in one instance, it's been a little over two years, and in another, it's been, maybe, 18 months. The total investment that's been made, just to upgrade the facilities, to make

them broadband facilities, is \$3.4 million. But as you may be aware, the company also has an operation center that's based in this area that employs about 100 people. There is a call center in Voorhees. The Comcast contribution to South Jersey is not insignificant.

ASSEMBLYMAN ASSELTA: So your service is centered right here in South Jersey?

MS. ALEXANDER: Correct.

ASSEMBLYMAN ASSELTA: In Vineland?

MS. ALEXANDER: For this area, yes.

ASSEMBLYMAN ASSELTA: And through that building emanates all those service calls that need to be handled in South Jersey?

MS. ALEXANDER: Yes.

ASSEMBLYMAN ASSELTA: So, theoretically, we're at the heart of the service area right here. How many employees?

MS. ALEXANDER: I think it's about 100, just for that operation center.

ASSEMBLYMAN ASSELTA: So there's been an investment in South Jersey, in the Vineland area, to handle some of the service issues that surround--

Getting back to his service, where the complaints go up and down -- could that be, also, customers have grown, correct?

MS. ALEXANDER: Correct.

ASSEMBLYMAN ASSELTA: Your subscriber base has grown pretty dramatically in the last few years?

MS. ALEXANDER: Actually, it's grown somewhat in the last few years, but, unfortunately, the competition for DBS has kind of edged into that. What has grown, though, are the number of calls that are coming in about the advanced services, and that is new. So, for example, the digital cable service is a lot more complicated to operate the box, to understand the on-screen menu, and things like that.

ASSEMBLYMAN ASSELTA: You see, that's where I want to, kind of, direct this -- the technology that is growing so quickly in your industry and how to continue to offer the type of service, upgraded services, that you're offering. When there is a glitch in the system, it takes how long to respond -- you need to find out where that glitch is -- and how quickly is that responded to and handled.

For instance, in this packet, I have the story of the 500 residents in the Cape May County area. What happened there, for instance? I just want you to address this particular issue here.

MS. ALEXANDER: I will attempt to -- and I hope you will bear with me if I have to turn to my Comcast members to ask for some of the specifics -- but it's my understanding that there were a number of customers who, because of a computer glitch, literally, that was not related to the distribution network of the system, but has to do with the controller that sends messages to the cable box, that a number of cable boxes were out. And consequently, the service was interrupted for quite a few people in the area. Within 24 hours, that problem was fixed for those people who had not called. Anyone that called to say that they were having this problem, the technician was able to, over the phone, initiate a rebooting, basically, of the system to

send a new signal to that box and get it started again. So their problem was fixed within a couple of minutes.

ASSEMBLYMAN ASSELTA: So, through the Chair, and through your educational process to your consumers, you instruct them when there is a problem, immediately call a specific number--

MS. ALEXANDER: Yes, that number is listed on the bill.

ASSEMBLYMAN ASSELTA: --so that the problem gets identified at the most primary and fundamental level, which is the home.

MS. ALEXANDER: Correct.

ASSEMBLYMAN ASSELTA: And without that knowledge on your part, you can't address that service issue?

MS. ALEXANDER: That's correct. If it is something that is occurring so close to the home or in the home that it is not something that is constantly being monitored by the company, the only way the company knows that that problem has occurred is if the customer calls. The kinds of things that the company tends to know about is if an entire head-end system has gone down, if multiple nodes, or even sometimes one node, depending upon the company, has gone down and some 2,000 customers are out. But, when you're starting to get below 500 people or so, it's impossible to know. Above that 500-to-2,000-people level, it depends upon what the cause is, as to whether or not the company knows.

ASSEMBLYMAN ASSELTA: Okay. Thank you.

ASSEMBLYMAN CARABALLO: Let me just -- hold on, one second-- It's almost 3:00. We have three other speakers that want to say something. Some of us have to get up north, to go to our jobs, to teach. I

absolutely will allow you to have your questions, but let's keep in mind that I want to get the three people who also want to say something, so we can wrap up. If you have something else, you can sign a sheet, and I'll put you right on the list, okay.

Go ahead. Hold on one second, please.

UNIDENTIFIED SPEAKER FROM AUDIENCE: I just want to know if that's going to be just you people talking back and forth. It's not doing an average citizen--

ASSEMBLYMAN CARABALLO: Well, no, no. We asked from the very beginning -- we asked people, if they wanted to speak, to please sign up so that we could get them as well.

UNIDENTIFIED SPEAKER FROM AUDIENCE: I signed up as soon as I came in.

ASSEMBLYMAN CHIVUKULA: I can wait if--

ASSEMBLYMAN CARABALLO: Okay. Let's--

Thank you very much, Mr. Russell.

Thank you very much, Ms. Alexander.

MS. ALEXANDER: You're welcome.

ASSEMBLYMAN CARABALLO: Ernest Mercer.

Mr. Mercer.

**ERNEST MERCER:** My name is Ernest Mercer. I live in Northfield, Atlantic County. I assume in this particular area that just about everybody is served by Comcast, as am I. I have a few comments about the TV service and, also, a few about the cable modem service.

First of all, to Comcast's credit, in my area, at least, the quality of their signal is excellent. I've been around the country. I've seen cable systems in other areas, and none of them have as good a signal as Comcast, at least in my local area. Having said that, though, I'm not terribly impressed with their programming. I've seen times, late at night, when there have been 20 channels devoted to either info-commercials or home shopping. That seems to be pretty excessive. Also, in their basic Channel 2 through 13 lineup, they've removed three channels. One of them has been replaced with a home shopping channel; another has been replaced by Comcast CN8, which shares time with info-commercials; and the third is Channel 11 in New York, which is currently blacked out.

As far as service, when there's a problem with the cable service, I have had outages, although they're rare. But the last one, when I attempted to call Comcast, I was lead through their voice menu, and when I got to the option where it asked if I had a total cable outage where there was nothing but snow on my screen, I pressed the touch-tone key on my phone, and I got the following message: "The problem does not appear to be related to your cable service. Good-bye." And the only way I was able to talk to somebody was to select the option for opening an account.

You're probably also aware that Comcast is also a telecommunications carrier by offering digital Internet access. When I initially signed up for their cable modem service, they were advertising connection speeds of up to 70 times dial-up access, in other words, through a conventional modem and a phone line. And, indeed, initially I was seeing speeds that high. For sure, I understand that there are times of the day, because the band width

of their network is limited, that the more people that are accessing the Internet, the slower the connection speed for each individual customer is going to be.

But, suddenly, about a year ago, their connection speeds dropped dramatically. Instead of seeing download speeds of 350 kilobytes per second, now it never goes above 140. This is far below 70 times the speed of a dial-up modem. So I would ask the Committee to look into some aspects of their advertising.

Also, there is a period during the day when the service slows down to nearly the speed of a dial-up modem. So there are some aspects of their cable modem service that I think need to be looked into.

Also, in the past year, there's been a 15 percent rate increase for their cable modem service. And if you're a customer who only wants cable modem service and not TV service, there is an extra \$10 per month charge. I have had occasion to call them for service. For a cable modem customer, there's a one-week wait for a service call. I think that should be looked into, as well.

I guess that just about concludes my comments.

ASSEMBLYMAN CARABALLO: Thank you, sir. I appreciate it.

Mr. Ruth, William Ruth.

Good afternoon.

**WILLIAM D. RUTH:** Good afternoon. Thank you for this -- being able to speak before this Committee.

I'm going to be very brief. The cable TV service is nothing but reruns and information commercials. We get tired of it. There are evenings

when you sit down to look at TV, and it's nothing but reruns, reruns, reruns, or somebody selling something. The cable rate when Savens (phonetic spelling) was in was \$25.70 a month. Now I'm paying \$38.98 a month, and it went up four times this year. I'm getting very tired of the cable system, and lots of people feel the same way I do.

I've been a Commander of the American Legion County Association, the Post Commander, and all my veteran friends say the same thing. They're sick of it. I wish somebody would do something. With AT&T and Comcast merging, it's going to be even worse.

Thank you.

ASSEMBLYMAN CARABALLO: Thank you, sir.

D'Andre Heath.

UNIDENTIFIED SPEAKER FROM AUDIENCE: He's not here.

ASSEMBLYMAN CARABALLO: Anybody else?

**HARRY KINSELL:** Can I have a say? (speaking from audience)

ASSEMBLYMAN CARABALLO: Sure. No, go ahead.

Could you come up, please?

Your name, sir?

MR. KINSELL: My name is Harry Kinsell, and I'm--

ASSEMBLYMAN CARABALLO: Kinsell?

MR. KINSELL: Kinsell, K-I-N-S-E-L-L.

ASSEMBLYMAN CARABALLO: Thank you.

MR. KINSELL: I'm from Pleasantville. I just moved to Pleasantville from Egg Harbor Township. When I moved to Egg Harbor Township, I called them because I had a fuzzy picture and all. They told me

they had problems in the area. So they talked me into getting -- and I thought it was too much before, I didn't get it before -- they talked me into getting-- I paid \$1,700 for a digital TV, thinking I'm going to have digital TV. I get it home, no digital TV. By now, I have to pay extra for digital TV. I have HD on it. I have to pay extra for that. And, of course, Premium -- I can understand paying extra for that.

Well, anyhow, the man talked me into getting Cinemax as a digital TV box. So I went ahead and did it. So it costs me \$65 a month. I'd order something from Pay-Per-View, and it would come up-- I'd order it from the digital -- from the remote on the TV, and it would come up -- when it was time for it to come on, I'm sitting there waiting for it to come on -- I made sure I was home at that time for it to come and all, and when it come on, "We can't supply you with this order." It's been done, I don't know how many times, to me. To a point-- I moved from Egg Harbor; I called them, tell them, "Hey, you don't charge me for this because it didn't come through." "Okay, fine. We'll put it on our computer, and you won't be charged for it, right?" No. "You'll be charged for this month, but then next month it will be taken off and credited to you." I had trouble again, finally, before I left Egg Harbor Township. I went to Pleasantville. Before I left, I had problems again. I called them, and I said, "I don't think it's my bill. My bill is paid on time every month. I've had it up to \$200-and-some dollars, and that's always paid each month." And she says, "No, as a matter of fact, Mr. Kinsell, you have a \$65 credit." I said, "Oh, fine." So I moved to Absecon.

I started having a problem there. She, again, told me, "Well, we're having problems in your area." This is 11 months since I heard the same thing

the first time. So I said, "Well, I don't think it's my credit." "Oh, no, Mr. Kinsell, you have \$65 credit." All right. I tried it three more times. They told me to try it again -- didn't come up. They told me to try it again, they'll do it right from the office there, you'll definitely get it. It didn't happen. Tried it again, didn't happen the way they told me. Now, they charge me for three items that I didn't get -- and it come to something like \$27.80. The guy came to try to fix it, and they couldn't get it fixed. But he told me, when he was holding his cell phone talking to them, amongst -- along with his own private conversation, his own, talking about bowling leagues or something to somebody. Right. So he couldn't get it fixed. I said, "Well, take the box and cancel my Cinemax, take it with you." All right.

I got my next bill thinking I had \$65 credit -- comes the next bill, it's \$50. What's going on here? I call them up. "Oh, you don't have a \$65 credit." I said, "Oh, because I took the box--" I mean, if I didn't take the box out, now I don't have that credit. Now, I said, "I have \$27.50, and I didn't even see it-- It's charged on here. Yes, \$27.80 charged on here -- the three from here that I've been trying to -- I've been calling you about. You tell me to get it on and stuff like that." "Well, I have to ask my supervisor." Supervisor comes on, he told me, "No, you don't have a credit, but I'll authorize my man to credit you that 27.80 on your next bill." My bill came in the other day, and it's 31, I think it was. No. No. It was 50, then -- now 31. So I called him up, and the guy -- he looked it up and he said, "Yes, I see." Because I told him what the supervisor told me, that it would be credited to me. All right. So then he looked at it and he said, "Yes, I know the supervisor's name and all." I said, "Well, do you want me to take it off or send

it--" He said, "No. Send the whole bill in, and we'll deduct it next month." Well, I said, that's what the supervisor told me he could do with this month. So I sent the \$26, instead of 27.80, it -- he said it was 26-something. So I'm not going to argue with that. I told him, well, I'll send you the balance. Deduct the 26-something, and I sent him \$4.60. So I'm waiting to see what happens, because the guy said go ahead, to do it. So I'm seeing what happens there.

But on the other, when I was having those problems there -- like the gentleman there in Northfield said -- I called when there was a problem. I called, and on my telephone I have Caller ID, and it also gives you the amount of time you're on the phone. I was on that phone for 98 minutes, trying to get them, trying to get through. I finally got through. I told the guy, I said, "My God, I've been on the phone listening to 'thank you for your patience and the representative will be with you' for 98 minutes." I was irate by that time. And I told him, he said, "Well, we don't have enough people to handle all the calls." I said, "Don't you think you ought to put some money--" "Well, that's the company's problem, not mine."

So anyhow, I-- It's aggravating.

ASSEMBLYMAN CARABALLO: I can see--

MR. KINSELL: I get that Pay-Per-View. I had a couple guys come over when I first got it. When I first got Cinemax, I got Pay-Per-View. I had a couple of guys come over, we're going to watch a program, and all of a sudden, it don't come up. Okay, well, I called them up, and "Uh, we have a little glitch or something like this, and we'll do it from here. We'll reprogram your box," or something like that. So they reprogram it. So the next weekend,

they come over to see the same thing. This time it comes on, it comes on, "We can't supply you with this -- with your order at this time. Call the office."

It's been one thing after another. Seriously, I asked -- the apartment where I'm living now, I see a couple dishes up there. And the apartments across, over from me, dishes all over the place over there in those apartments. The apartments I'm in -- and I called them to ask about the satellite dish, if I'm allowed to have one. And they said, "Well, you have to get them over here to get to meet with us and tell us how it's going to be installed, and if we okay it, then you can -- it will cost you \$100 for--" I can't get the \$100 back. "Then you can have the dish." That's fine.

So that's why I originally didn't sign that thing, because I originally just come to see what this was all about. I just wanted to have my say about it. And maybe this lady here can tell me why I don't have a \$65 credit no more.

ASSEMBLYMAN CARABALLO: I don't think she can, but maybe somebody from Comcast can.

MR. KINSELL: Oh, that was another thing.

ASSEMBLYMAN CARABALLO: Well, we have somebody from Comcast.

MR. KINSELL: Now, wait a minute. When I moved there, I got a sheet, a blue sheet, with a man's name on it from Comcast. It said, "free installation, call such and such -- Mike Todd (phonetic spelling)," I think his name was. Mike something, right. So I went down, and I called him. He said, "Well, go down--" Because I already ordered to switch it over to the new apartment.

ASSEMBLYMAN CARABALLO: Mr. Kinsell, I think we have somebody here from Comcast who I think will be able to talk to you, as soon as we wrap up.

MR. KINSELL: Okay, fine.

ASSEMBLYMAN CARABALLO: All right?

MR. KINSELL: Yes, sure.

ASSEMBLYMAN CARABALLO: Thank you, sir.

MR. KINSELL: Thank you very much.

ASSEMBLYMAN CARABALLO: Ladies and gentlemen, I thank you all for attending our meeting.

Colleagues -- the meeting is adjourned.

ASSEMBLYMAN ASSELTA: Thank you, Mr. Chair.

ASSEMBLYMAN VAN DREW: Thank you, Mr. Chairman.

**(MEETING CONCLUDED)**