



MT. HOOD CABLE REGULATORY COMMISSION
Portland Community Media, Studio A
October 17, 2016 Meeting Minutes -- **DRAFT**

SUMMARY MINUTES

THESE MINUTES ARE UNOFFICIAL UNTIL APPROVED BY THE COMMISSION AT A SUBSEQUENT MEETING. PLEASE REFER TO SUBSEQUENT MINUTES FOR APPROVAL OR CHANGES.

Call to Order: 6:30 pm

- Roll Call

Commissioners present: Carol Studenmund (Chair); Norm Thomas (Vice Chair); Rich Goheen; Leif Hansen; Sue Dicile; Scott Harden; Mike Bennett; John Branam

Commissioners absent: none.

Staff: Ann Goldenberg, Director; Julie Omelchuck, Program Manager; Ben Walters, Legal Counsel; Rebecca Gibbons, Program Coordinator; Lexi Meek, Compliance Assistant; Tyler Dice, Assistant Program Specialist.

- Welcome Lexi Meek and Tyler Dice
Studenmund welcomed Meek and Dice, new MHCRC staff.
- Agenda Review: none.
- Disclosures: none.
- Public Comment: none.
- CONSENT AGENDA

C1. September 12, 2016 Meeting Minutes

MOTION: Dicile moved to approve the Consent Agenda as presented. Bennett seconded.

VOTE: 7-0 passed. Thomas abstained.

- REGULAR AGENDA

*R1. Order 2016-01: Curative Plan Agreement for CenturyLink's Quarterly Customer Service Standards

Gibbons said staff issued a notice of noncompliance in December 2015 to CenturyLink for failure to meet 3rd quarter 2015 customer service standards for telephone answering, standard

installations and appointments met. In response to the noncompliance notice, Gibbons said CenturyLink presented a curative plan. Gibbons said staff worked with CenturyLink to clarify elements of the plan before it was finalized. Gibbons said the curative plan afforded CenturyLink, a new entrant to the Portland market, some additional time to resolve the noncompliance. Specifically, the curative plan gave CenturyLink until June 30, 2016 (2nd Quarter) to meet or exceed the customer service standards. Gibbons said CenturyLink's curative plan efforts resulted in CenturyLink meeting the telephone standard by June 30. Gibbons said CenturyLink narrowly missed meeting the standard for standard installations and appointments met. Gibbons said CenturyLink staff have been cooperative and forthcoming with information about the company's efforts to cure the noncompliance. As a result, staff was agreeable to working with CenturyLink to put in place a curative plan agreement that would incentivize compliance. Gibbons said the draft Order included in the meeting packet is presented in lieu of the Commission convening a formal hearing to determine remedies. Gibbons said staff believes the agreement serves the public interest because it puts in place reasonable incentives to cure the noncompliance quickly – by the end of 3rd Quarter. And if a cure is not possible by 3rd Quarter, more significant penalties come in to play. Gibbons said CenturyLink's 3rd Quarter Customer Services Standards report is due no later than October 30. Gibbons said staff believes there is a good chance that a cure has been achieved. Gibbons said staff recommends the Commission approve Order 2016-01.

Hansen asked if the curative plan agreement would prevent the Commission from holding a formal hearing should CenturyLink continue to not meet the standards beyond the curative period. Gibbons said that if CenturyLink continues to not meet the customer service standards after the curative plan agreement period, then the Commission could convene a formal hearing to determine additional remedies. Gibbons said the franchise agreement outlines a process for repeat violations.

Thomas said the staff report included in the meeting packet clearly described the terms of the curative plan agreement. Thomas commended staff for negotiating terms that supported the public interest, incentivizes CenturyLink to cure the noncompliance and avoids the time consuming formal hearings process.

MOTION: Thomas moved to approve Order 2016-01 establishing a Curative Plan Agreement with CenturyLink's Quarterly Customer Service Standards. Branam seconded.

DISCUSSION: none.

VOTE: 8-0 passed

R2. MHCRC Year-End Financial Report – Unaudited (Information Only)

Omelchuck presented the MHCRC year-end, unaudited financial report. Highlights of the report included:

- The City of Portland continued its slight uptick in franchise fee growth
- The East County franchise fee growth rate remained relatively flat
- The number of cable subscribers in the service area declined for the 3rd year in a row
- The MHCRC fund balance will reduce significantly due to the granting of TechSmart Grant funds to Portland Public Schools and Gresham-Barlow School Districts.

- The MHCRC end fund balance is \$3,312,253
- The MHCRC beginning and ending fund balances mostly consist of interest income and dedicated capital funds.

In response to a question from Dicile about interest income, Omelchuck said the interest revenue last year was significant due to the reserve TechSmart grant funds (about \$7 million) and overall investment portfolio success. Hansen suggested adding a column to the chart on page 8 of the report to clarify whether the revenue is due to portfolio success versus the amount of funds retrained in the account. Dicile said the Commission has used interest earned to keep staff/programs whole during budget cut years. Thomas said the interest income is unrestricted.

In response to a question from Bennett regarding the driving force behind Portland's franchise fee increase, Omelchuck said the total number of subscribers in each jurisdiction has a large impact on franchise fee growth. Omelchuck said Frontier (east county provider) has been losing subscribers, while CenturyLink (Portland provider) is gaining subscribers.

- Staff Activity Reports and Updates
 - FCC proceedings: Goldenberg said no specific issues to report, however she anticipates having more detailed information to report in the future.
 - 2016 Oregon legislative session: Goldenberg deferred and said more information would be available at the December meeting.
 - Digital Equity Action Plan (DEAP): Omelchuck said the Digital Equity Action Plan, developed under Mary Beth Henry's leadership, won the Strategic Plan of the Year award at the NATOA conference. Omelchuck said the City of Portland and the Multnomah County Commission adopted the plan in April. Omelchuck said the City of Portland funded a position in FY16-17 to support the implementation of DEAP work.
 - TechSmart Initiative: Omelchuck said staff is discussing project plans with Centennial School District staff. Omelchuck said David Douglas School District is coming up on its last year under its current grant, therefore staff will begin to engage with district staff on future funding plans. Omelchuck said the MHCRC evaluation consultant, PRE, is working with staff on a draft evaluation report. Omelchuck said student outcome data was just released, so the team is working to analyze the data and incorporate findings. Omelchuck said staff plans to present the report and discuss the results during the Commission's annual planning retreat.
 - 2017 Community Technology Grant launch: Gibbons said staff released notice of available funds under the 2017 Community Technology Grant competitive cycle on October 7. Gibbons said Pre-Applications are due December 6.
 - NATOA conference: Goldenberg said the conference presented a great opportunity for her to introduce herself and immerse herself in the field. Goldenberg said it is clear that hybrid wireless/fiber technology is a challenge on the regulatory front for many. Goldenberg said staff who attended the conference were able to gain perspective on the fact that all the technologies are colliding. Omelchuck said she learned a lot about the wireless technology and began to wonder how it might benefit our low income areas.

Omelchuck said Mary Beth Henry won the Broadband Visionary award. Omelchuck said Henry was key to bringing broadband to the forefront for NATOA.

- Other: Goldenberg reported that the City of Portland will include the MHCRC when it goes out to bid for audit services. Goldenberg said it is best practice to engage a new audit firm after several years in order to gain fresh eyes and perspective. Goldenberg said the MHCRC stands to gain from dovetailing on the City's contract. Most significantly is the cost savings for the MHCRC.

In response to a question from Bennett, Goldenberg said that the MHCRC could dovetail on the City's audit contract, but that the MHCRC's audit would continue to be a standalone, independent audit from the City.

- Other: Omelchuck referred Commissioners to an informational piece included in the packet about the FCC's settlement with Comcast. Omelchuck said staff is looking at local implications under the ruling.

- Committee Reports

- Finance Committee: none.
- Grant Committee: none.
- Community Ascertainment Committee: none.
- PCM Board Appointee: Branam reported participating on a tour of Open School north. Branam said PCM staff continue to engage the Board and community in a rebranding discussion. Branam said the Board and staff are very excited about the rebranding. Branam said he expressed some concerns about the community engagement process, but ultimately the decision to rebrand is up to PCM.
- MetroEast Board Appointee: none.

- New Business; Commissioner Open Comment

Thomas thanked Commissioners and staff for the retirement card.

Goheen said he would like staff to research and evaluate the new broadcast TV and sports fee charges that several of the cable companies are now charging. Goheen said his Comcast bill went up over \$5 again and included an increase in the franchise fee being charged. Goheen said the new fees and charges aren't being charged as part of the service, but are being tacked on as separate fees.

Omelchuck said the franchise fee charged to the cable company is a set fee and does not change, however because the companies pass on the fee to subscribers as a separate line item, when the company increases rates or charges new fees, the percentage of franchise fees applied to an individual subscriber bill goes up. Omelchuck said staff has heard from subscribers that when the companies begin charging fees that are not part of the advertised rates, that its confusing and misleading. Omelchuck said that while the Commission does not have rate regulatory authority due to competition, there are other customer service requirements that may be implicated, such as truth in advertising.

Studenmund reviewed the meeting schedule. Thomas said he is not available to attend any meeting in February or March. Commissioners and staff discussed some possible options for the annual planning retreat date.

- Franchisee Activity Report

Frontier: none.

Comcast: Tim Goodman, Director of Government Affairs with Comcast, referring to the FCC settlement agreement, encouraged Commissioners and staff to forward to him any subscriber complaints.

CenturyLink: Karen Stewart reported that CenturyLink sponsored two summer interns in the area of engineering and public policy. Stewart said the engineering intern went back to college in September. Stewart introduced the public policy intern and said her internship was extended into December. Stewart said CenturyLink continues to support Teacher in Technology grants. Applications released on October 1 with a January 12 deadline. Stewart said the awards grant up to \$5,000 per teacher. Stewart thanked Gibbons for working with CenturyLink on the curative plan agreement.

Reliance Connects: none.

- PEG Provider Activity Report

MetroEast: Marty Jones said Community Media Day is October 20. Jones said Commissioner Dicile recently appeared on Community Hotline to discuss the importance of community media. Jones said the several of the local jurisdictions are planning to issue a proclamation in recognition of MetroEast and Community Media Day. Jones said MetroEast is excited to partner with the City of Gresham Redevelopment Commission on the Rockwood facility. Jones said he is meeting with potential partners including Rockwood Library, the Library's Google Fellow, small business development group at MHCC, Rockwood United Methodist Church, etc. Jones said he accompanied the Reynolds School students on their trip to the White House to present their film. Jones shared video clips.

PCM: Rebecca Burrill, Director of Strategy and Development, reported that PCM is growing with new staff and new programs. Burrill said PCM continues to empower period through technology and storytelling. Burrill said PCM is embarking on an organizational rebrand and building a new website. Burrill said more detail on the rebranding will be made available at the December meeting. Burrill said PCM financial audit resulted in a clean audit. Burrill said PCM is embarking on some capital projects that include exterior paint and murals and interior lobby space updates to be brighter and more inviting. Burrill said PCM added an army of new laptops to its equipment library and will be expanding operating hours at the beginning of November. Burrill handed out PCM's new program catalog. Burrill said PCM continues to partner with Open School to help integrate media fully throughout the school's curriculum. Burrill highlighted a few other programs including a professional training program for teens and a residency program.

Branam said the transformations at both PCM and MetroEast under the new leadership are inspiring and the list of community partnerships and engagements is impressive. Branam said he hopes both organizations are tracking and documenting the work.

- Public Comment: none.
- Adjourn: 8:10pm

Respectfully submitted,
Rebecca Gibbons
Program Coordinator