



State of North Carolina

Department of Justice

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North Carolina Senate President Pro Tempore Phil Berger
North Carolina House of Representatives Speaker Thom Tillis
Co-Chairs, Joint Legislative Commission on Governmental Operations

Senator Bill Rabon
Representative Julia C. Howard
Co-Chairs, Revenue Study Laws Committee

North Carolina General Assembly
Raleigh, North Carolina 27601-1096

Re: Video Services Competition Act

Dear Members:

Pursuant to Section 18 of the Video Services Competition Act, please find the enclosed report concerning cable service complaints the Consumer Protection Division has received from cable customers under NC Gen. Stat. §66-356.

If you have any questions or I can be of further assistance, please feel free to contact me at (919) 716-6400.

Very truly yours,

A handwritten signature in black ink, appearing to read "Kristi Hyman", with a long horizontal flourish extending to the right.

Kristi Hyman
Chief of Staff

KH:ml

cc: Kristine Leggett, NCGA Fiscal Research Division

**NORTH CAROLINA DEPARTMENT OF JUSTICE
CONSUMER PROTECTION DIVISION**

REPORT REGARDING CABLE COMPLAINTS

The Video Services Competition Act (Session Law 2006-151) enacted a number of changes that impact cable television companies, video service providers, and consumers. Among other things, the law allows such companies and providers to obtain State-issued franchises from the Secretary of State's office to provide cable TV service, rather than local franchises from local units of government, under certain circumstances. Section 17 of the law designates the Consumer Protection Division of the Attorney General's Office (CPD) as the agency to "receive and respond to unresolved customer complaints about cable service provided by the holder of a State-issued franchise." Section 18 requires the CPD to report to the Revenue Laws Study Committee the following information regarding complaints about cable service received by the CPD: number of complaints, types of complaints, and the means for resolving them. Pursuant to Section 18, the Attorney General's Office makes the following report.

As of March 6, 2014, one thousand two hundred and ninety-two (1,292) State-issued franchises have been accepted by the Secretary of State's office, according to that office's website. As prior years, the number of State-issued franchises on record with the Secretary of State's office has increased from the previous year.

For the time period of March 6, 2013 to March 6, 2014, the CPD received four hundred and ninety (490) written complaints against companies with a State-issued franchise. Complaints against cable providers have been one of the top ten categories of consumer concerns reported to the CPD in past years. Out of those four hundred and ninety (490) complaints:

- One hundred and forty-one (141) involved allegations of unsatisfactory service or repair;
- Eighty-four (84) involved allegations of billing errors;
- Fifty-one (51) involved allegations of unsatisfactory sales practices;
- Thirty-one (31) involved allegations related to the cancelation of services;
- Thirty-one (31) involved allegations of improper charges related to hardware, including modems and digital conversion boxes; and
- The remaining complaints involved discrete or miscellaneous issues.

For the past five years, allegations of unsatisfactory service or repair and billing errors have been the two most prevalent types of complaints lodged by consumers with the CPD.

For the same time period, the CPD received three (3) written complaints against companies with a local franchise from consumers who incorrectly believed that the 2006 law directed the CPD to handle all consumer complaints against all cable companies as of January 1, 2007. CPD referred these complaints to the locality still holding local franchise agreements with the company.

The CPD treats cable complaints like other consumer complaints it receives and attempts to mediate resolutions by sending the complaints to the cable company for a response. The CPD tracks responses to see if consumers are satisfied and to determine if the complaints show patterns that may warrant further investigation.