



State of North Carolina

ROY COOPER
ATTORNEY GENERAL

Department of Justice
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April 27, 2010

The Honorable Daniel Clodfelter
Co-Chair, Revenue Laws Study Committee
300 N. Salisbury St., Room 408
North Carolina General Assembly
Raleigh, North Carolina 27603-5925

The Honorable Paul Luebke
Co-Chair, Revenue Laws Study Committee
300 N. Salisbury St., Room 529
North Carolina General Assembly
Raleigh, North Carolina 27603-5925

RE: Video Services Competition Act

Dear Members:

Pursuant to Section 18 of the Video Services Competition Act, please find the enclosed report regarding cable complaints.

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 that reads "Kristi Hyman". The signature is fluid and cursive, with a long horizontal line extending from the end.

Kristi Hyman
Chief of Staff

KH:ml

cc: Kristine Leggett, NCGA Fiscal Research Division
Greg McLeod, NCDOJ, Legislative Counsel

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 25, 2010, three hundred and thirty-eight (338) State-issued franchises have been accepted by the Secretary of State's office, according to that office's website.

For the time period of March 26, 2009 to March 25, 2010, the CPD received two hundred and eighty-two (282) written complaints against companies with a State-issued

franchise. This represents a 50% increase in complaints from last year. As set forth in the CPD's report filed with the Revenue Laws Study Committee on March 31, 2009, the CPD received one hundred and eighty-eight (188) complaints during the March 26, 2008 to March 26, 2009 time period covered in its previous report.

Out of these two hundred and eighty-two (282) complaints:

- Ninety-four (94) involved allegations of unsatisfactory service or repair;
- One hundred and three (103) involved alleged billing errors;
- Three (3) involved an alleged failure to perform or complete a service installation or upgrade in a timely manner;
- Twelve (12) involved a refund that was allegedly not properly provided;
- The remaining complaints involved discrete or miscellaneous issues.

For the same time period, the CPD received fifty-two (52) written complaints against companies with a local franchise from consumers who incorrectly believed that the new law directed the CPD to handle all consumer complaints against all cable companies as of January 1, 2007. CPD attempted to refer these complaints to the locality still holding local franchise agreements with the company. Some of these localities were willing to handle the complaints while the rest were not. For those that were not, the CPD handled the complaint for the consumer. Out of these fifty-two (52) complaints against companies with local franchises:

- Nineteen (19) involved alleged unsatisfactory service or repair;
- Fifteen (15) involved alleged billing errors;

- Three (3) involved a refund that was allegedly not provided;
- The remaining complaints involved discrete or miscellaneous issues.

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.



April 23, 2010

Morris Broadband to reimburse Western North Carolina for service outages

STAFF REPORTS

Morris Broadband, a telecommunications and cable company serving parts of western North Carolina, has agreed to pay additional credits to consumers who experienced lengthy service outages last fall, Attorney General Roy Cooper announced today.

In February 2009, Morris Broadband, of Augusta, Georgia, purchased cable and telephone operations for several cities and towns in the western part of the state from Mediacom. When Morris took over the service, technical problems caused a significant number of consumers to lose service. Areas affected by the problems were Hendersonville, Nebo, Sylva, and Franklin.

Cooper's Consumer Protection Division first sent a letter to Morris Broadband in October 2009 based on calls and complaints from 27 people who experienced service outages. Consumers complained that they lost telephone, cable and internet service for several days. During this time, some consumers were unable to make 911 or other emergency calls and businesses were without Internet access.

As part of the agreement, Morris Broadband will issue \$60,000 in credits to the remaining households and businesses that were affected by the services problems by May 14. The credits are in addition to \$68,000 worth of credits the company has already issued. According to Morris's estimates, approximately 1,800 telephone and 8,000 Internet subscribers were without service for up to 10 days.

The accounts of Morris Broadband customers affected by the outages should be credited no later than May 14. Consumers with questions can contact Cooper's Consumer Protection Division by phone at 1-877-5-NOSCAM or online at www.ncdoj.gov.

Morris giving credits for loss of cable service

From staff reports/BlueRidgeNow.com

Published: Sunday, April 25, 2010 at 4:30 a.m.

Last Modified: Saturday, April 24, 2010 at 11:00 p.m.

Morris Broadband has agreed to pay credits to consumers who experienced lengthy service outages last fall, said Attorney General Roy Cooper.

The transition from Mediacom to Morris Broadband did not go smoothly. In early October 2009, company representatives said wiring problems and software glitches were to blame for thousands of customers losing their cable, Internet and phone services in October. Eventually the problems were fixed, and residents were able to receive their cable services.

"When a business falls short of your expectations, my office wants to know about it," said Cooper. "Thanks to the people who contacted us, we were able to get the issues resolved and win credits for consumers."

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The accounts of Morris Broadband customers affected by the outages should be credited no later than May 14. Areas affected by the problems were Hendersonville, Nebo (McDowell County), Sylva (Jackson County) and Franklin (Macon County).

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Morris Broadband, a telecommunications and cable company serving parts of western North Carolina, purchased cable and telephone operations for several cities and towns in the western part of the state from Mediacom. When Morris, of Augusta, Ga., took over the service, technical problems caused a significant number of consumers to lose service. Problems developed when the Internet and telephone systems were transferred, CFO Craig Mitchell said in late October. This caused many people to lose service.

Mitchell said the company was not equipped to handle the volume of outage calls, which were widespread throughout the county, prompting more complaints from customers.

"What frustrated customers was they couldn't get in touch with anybody," he said.

Cable customers also suffered from a software glitch. Small cable companies outsource many of the technological aspects, such as which channels a particular subscriber should receive.

When Morris switched to its outsourcing company, there were technological problems and some customers lost cable.

The whole ordeal frustrated many customers, and Mitchell said some have canceled their service. "We did take a number of subscriber losses."

Consumers with questions can contact Cooper's Consumer Protection Division by phone at 1-877-5-NO-SCAM or online at www.ncdoj.gov.