

W. S. B.

AGENDA COVER MEMORANDUM

AGENDA DATE: February 9, 2005

TO: LANE COUNTY BOARD OF COMMISSIONERS

PRESENTED BY: Peter Thurston, Community and Economic Development Coordinator

AGENDA ITEM: ORDER/IN THE MATTER OF CONSIDERING CHARTER COMMUNICATION'S NOTICE OF RATE AND SERVICE ADJUSTMENTS FOR CABLE CUSTOMERS IN THE FLORENCE/DUNES CITY SERVICE AREA

I. MOTION: IT IS MOVED THAT THE ORDER BE ADOPTED IN THE MATTER OF CONSIDERING CHARTER COMMUNICATION'S NOTICE OF RATE AND SERVICE ADJUSTMENTS FOR CABLE CUSTOMERS IN THE FLORENCE/DUNES CITY SERVICE AREA

II. ISSUE OR PROBLEM

Shall Lane County take one of the following actions: 1) acknowledge and approve rate and service changes proposed by Charter Communications, 2) hold a public hearing or public comment period on the question of whether rate and service changes are in the public interest, 3) investigate and file a complaint with the Federal Communications Commission regarding rates, or 4) request more information from Charter Communications justifying the changes in services and rates?

III. DISCUSSION

A. Background.

On January 10 and 12, 2005, Lane County received notice by registered mail and personal delivery from Charter Communications that Charter intends to make changes in services and charges to cable subscribers in certain areas of unincorporated Lane County. The principal regulated service area is the Florence/Dunes City and vicinity. Attachment A shows the various Charter service areas in Lane County. Attachment B includes the revised letter regarding the Florence/Dunes City areas and a sample of the letters sent regarding other service areas (eg. Cottage Grove). Charter is also requesting that the annual rate review month be changed from October to March.

In the mid 1990s Charter acquired the Falcon Cable franchise, enacted by Ordinance in 1992, that allows cable television services in several areas adjacent to small cities and in rural communities in Lane County, in accordance with Federal Communications Commission rules. Charter recently constructed improved digital cable telecommunications facilities in the Florence/Dunes City area on the coast. This appears to be the service area that is subject to regulation of the basic service rate in the primary notice delivered to Lane County. Notices were also received which indicate

changes in rates around other communities, however, these systems are not digital systems. Some of these systems have had improvements in the cable plant since ownership by Falcon Cable.

For many years (the 1980s to 2003) Lane County contracted with Lane Council of Governments to coordinate cable television franchise negotiations, respond to complaints, and related processes with other local franchise authorities (LFAs) in the region. This involved the formation of a regional cable commission. In 1993 FCC form 328 was filed by Lane County and other cities in the region asserting that effective competition to Falcon cable service did not exist, and therefore regulation of the facilities should be certified by the FCC. The FCC upheld Falcon's claim in most cases that they faced effective competition. In 1996 the Lane County Board of Commissioners decided not to re-file for regulatory authority. There has not been a reconsideration of this policy for over five years. At any time a rate change is proposed the opportunity exists to challenge the non-competition provisions and apply to regulate rate for basic service, public information channel facility improvements, and customer service quality.

In 2003 the responsibility for monitoring cable franchise agreements, complaints and related activities was assigned to the Community and Economic Development program in the County Administration.

Lane County is in the initial stages of the 36-month process to renegotiate the cable telecommunications franchise with Charter Communications. The current franchise (Ordinance number 6-92) was enacted with Falcon Cable in June 1992 and is scheduled to expire June 24, 2007.

In January 2005 the proposal by Charter to change the service levels and basic rate in the Florence/Dunes City service area were approved by the city councils of Florence and Dunes City.

B. Analysis.

There are many issues that may be investigated and developed by staff in order to present a complete picture of the alternatives available to the Board in this request by Charter to "approve" the changes in channel line up, rates for services, and the rate review month. Based on the available information, it is understood that Charter may make all of the adjustments in rates, services, and schedule for rate review without the approval of Lane County. Charter is required to provide notice of such changes to the franchise authorities, however, it appears that the only recourse, if the Board disagrees with the changes implemented by Charter, would be to file a request to regulate with the Federal Communications Commission (FCC) and/or file a complaint with the FCC. Such filings would likely be contested by Charter.

While staff can perform some monitoring and follow up, such as fact finding, investigation, etc., additional direction from the Board is needed should a more traditional regulatory role be desired.. Given that the Board in previous discussion has not shown a desire for staff to aggressively pursue regulatory issues, the investment has not been made to perform such a function with current resources. Therefore the following analysis reflects some uncertainty both as to this particular situation and as to the level of response the Board may wish to see now and in the future. This

more generic issue of how to proceed with franchise negotiations will be brought before the Board shortly.

Change of the rate review month – Charter is requesting that the rate review month be changed from October each year to March. Though this request is not specifically listed in the notice of changes received in January, it is part of the approval presented and received at Dunes City and Florence this past month. A specific reason has not been given for this change, though it may be related to the fact that when Charter filed FCC form 1240 in October 2004 the basic rate was set at \$19.92, and now the proposed rate for basic is \$24.51, in the unincorporated areas around Florence. This new rate is expected to be proposed by Charter soon. It is a different rate than presented in the notices received on January 10, 2005 (\$23.94). Rates for Basic service in Florence and Dunes City are different.

Apparent conflict in rate setting – The filing of FCC form 1240 in October 2004 indicates a maximum permitted rate (MPR) of \$19.92. The currently proposed rate is \$23.94, \$4.02 more than the MPR listed in the 2004 filing. Staff is not able to ascertain or check the accuracy of the FCC filing, we merely note the apparent discrepancy in the two figures. As noted above, Charter may propose in a new FCC form 1240 filing that the Basic rate be \$24.51, thereby increasing the rate by \$4.59 above the MPR established in 2004. This appears to be inconsistent with the rules. A representative of Charter will be at the Board meeting to address this issue.

Service areas – The principal service area in this discussion is the coastal cable system that serves Florence, Dunes City, and surrounding areas. It does not include Mapleton. Please refer to Attachment A to see the other unincorporated community areas that Charter serves with traditional cable television service. All of these communities and the surrounding unincorporated areas appear to be unregulated due to determination that Charter faces effective competition. The only action that the Board appears to have “approval” of is changing the rate review month from October to February or March. Charter has not made clear why this change is needed or whether the month is February or March. There is evidently a 30-day notice period that must be observed for this process.

Dunes City and Florence evaluation of Charter proposal – Both city councils reviewed the proposal from Charter in the month of January 2005 and approved it. This approval included changing the review cycle from October to February. It is unclear to staff if the apparent discrepancy in the 1240 filing was noted by the two cities.

Limits to regulation of rates and services - Florence/Dunes City appears to be regulated, including the unincorporated area adjacent to these cities. We are uncertain about the status of regulation in the other systems, around Cottage Grove, Oakridge, and Veneta, and Lowell, Creswell, and Coburg. Basic tier costs and, customer service quality, and public channel development are subjects that may be addressed in franchise negotiations.

NATOA Core Values - Lane County is a member of the National Association of Telecommunications Officers and Advisors (NATOA). Cities and counties across the country, that are local franchise authorities (LFAs), make up the public-sector membership of NATOA. LFAs, including Lane County, receive five (5) percent of gross revenues under the franchise.

As a means of measuring how well cable franchisees are meeting the public trust, NATOA has developed a set of Core Values (Attachment C) that may be used in evaluating the delivery of cable telecommunications franchise services. In order to evaluate these public benefit objectives in the franchise process, there would need to be surveys, audits, and other evaluation of the past results. Discussion of these issues is recommended for a follow up work session this spring with the Board. At this time, these core values may be used as a measure of the general practices of the cable company as it proposes rate and services changes.

Change in Basic Service charge and franchise fees – According to the January 10, 2005 letter, Basic service cost is reduced by \$3.66, however, the net result of combined rates above basic is an increase which affects a net increase in franchise revenues and fees. In addition, several channels that had been on the Basic tier are being moved to the next higher tier – expanded basic. These higher tiers of service are not subject to regulation by Lane County.

Technology development considerations – An important consideration in the Florence/Dunes City proposal to change rates and services is the investment Charter Communications has made in the development of digital facilities. It is estimated that the upgrade of the cable plant to a fiber optic hub system that can handle cutting edge telecommunication services cost hundreds of thousands of dollars. Development of this broad bandwidth digital facility encourages competition among telecommunications service providers. These high level services are usually only available in larger metropolitan areas. Outside the Eugene/Springfield metropolitan area, this is the only cable system of this type in Lane County, and should be encouraged. The system apparently has the capacity to deliver digital video, data, and voice services, commonly referred to as the “triple play”.

Staffing and consultant services – Review of the current request and development of policies for future franchise development may be approached in phases. Initially, a public hearing or public comment period may be set and Charter may be requested to present more facts about the proposed changes and the regulatory steps they are asking Lane County to take, and in which geographic areas. The Order initiate a 30-day comment period with notice in the media and information sent directly to the affected small cities. At the end of the comment period the Board may decide at that time to approve the request and take up other issues in the franchise negotiation process that is currently under way. It is proposed that the issues and policies that are raised in the public comment process contribute to the spring 2005 work session. The work session will help to determine how much staff time, legal services, and other expense should be incurred in the franchise negotiation process.

C. Alternatives/Options.

The Board may:

- 1) Approve the ORDER directing that a public comment period set to receive input from Lane County residents regarding the proposed changes in services and rates, or
- 2) Request more information from Charter regarding the proposed changes and place the matter on the BCC agenda in the near future, or

- 3) Investigate and file a complaint with the FCC regarding the rate and service changes, or
- 4) Approve the proposed rate, service, and review month changes, with comments, or simply allow them to stand as implemented by Charter. The cities of Florence and Dunes City have already approved the requested changes. One potential comment under this alternative is to recognize the development of new facilities and work toward writing new a franchise agreement in the next two years that provides for greater development of digital cable services throughout Lane County. Another objective to consider is to improve cable facilities so that Board of County Commissioners meetings can be seen on public channels in all Lane County communities.

D. Recommendations

Number 1 is recommended, to provide a period for public comment on the proposed changes in cable television rates and services and schedule a final action on this matter in March 2005. Comments will be sent to the Community and Economic Development Coordinator, as the cable franchise administrator.

E. Timing. Notice and publication would be sent to the media requesting that any comments on the proposed changes by Charter be sent for consideration by the Board.

IV. IMPLEMENTATION/FOLLOW-UP

Upon completion of the public in put process, the BCC will be asked to consider again the request by Charter Communications to change services and rates for cable television and related telecommunications services.

After the Board determines how to proceed with the requested rate and service changes, a work session will be planned through the agenda process for discussion of the franchise negotiation process with Charter and Comcast over the next couple years. Questions that may be addressed include: Which of the NATOA Core Values are most importance? How should research, surveys, and negations be conducted? Should outside experts be involved in the process?

ATTACHMENTS

ORDER

- A – Map of Charter service area in Lane County
- B – Charter letters requesting approval of rate changes and channel line up
- C – Charter Draft Channel Line up for Florence/Dunes City
- D – NATOA Core Values

VBCC CHARTER RATE REQUEST 1-05.doc

IN THE BOARD OF COUNTY COMMISSIONERS, LANE COUNTY, OREGON

ORDER NO.) IN THE MATTER OF CONSIDERING CHARTER
) COMMUNICATION'S REQUEST TO ADJUST RATES
) AND SERVICES FOR CABLE CUSTOMERS

WHEREAS, Lane County is the local franchise authority for cable television and related cable telecommunications services in the unincorporated areas of Lane County, and

WHEREAS, Charter Communications, the cable television and telecommunications services provider in certain non-metropolitan areas of Lane County, has advised Lane County of its intention to change rates for basic cable service, move channels and programs currently available to cable subscribers in the vicinity of Florence, Dunes City, Veneta, Noti, Elmira, Cottage Grove, and Oakridge, and

WHEREAS, Lane County's franchise with Charter Communications provides, in part, that Charter ". . . will give the County thirty (30) days advance written notice of and justification for any change in rates and charges. The Grantee (Charter) is entitled to set its rates and charges as it sees fit without obtaining the prior consent of the County, until such time as the County imposes different rate regulations."

WHEREAS, Charter provides cable television services in the unincorporated areas immediately surrounding the cities of Dunes City, Florence, that are subject to regulation by Lane County under a cable franchise agreement and other areas near Cottage Grove, Oakridge, and Veneta that may be subject to regulation by Lane County, and

WHEREAS, the Lane County Board of Commissioners has considered the request by Charter and determined that more information is needed to justify approval of the proposed changes; now, therefore, IT IS HEREBY

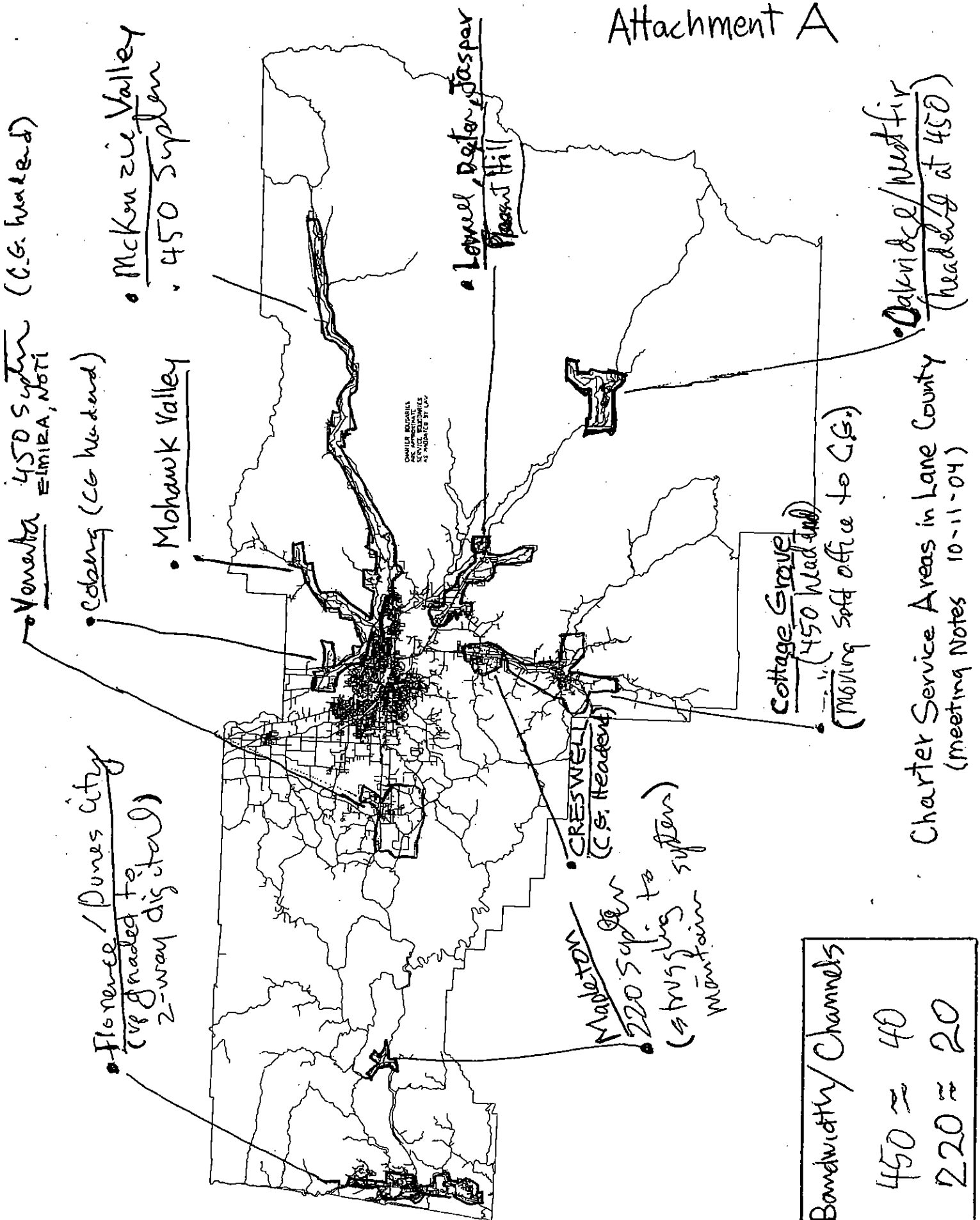
ORDERED that an opportunity for public comment will be provided for thirty days from the date of this Order, to receive testimony from Lane County residents who are subscribers, and other interested parties, regarding the proposed changes in services and rates for Charter Communication cable telecommunications services.

Signed this day of February, 2005.

Anna Morrison, Chair
LANE COUNTY BOARD OF COMMISSIONERS

2-1-05
Anna Morrison

Attachment A



• Veneta 450 system (C.G. headend)

• Coaling (C.G. headend)

• Florence/Punes City (vs graded to 2-way digital)

• McKenzi Valley 450 system

• Mohawk Valley

• CRESWELL (C.S. headend)

• Madelon 220 system (struggling to maintain)

• Cottage Grove (450 headend) (Moving soft office to C.G.)

• Lowell, Dexter, Jasper Pleasant Hill

• Oakridge/Westfir (headend at 450)

Bandwidth/Channels	
450	≈ 40
220	≈ 20

Charter Service Areas in Lane County (meeting Notes 10-11-04)

Attachment B



January 10, 2005 — REVISED Version Received 1/12/05 ✓

VIA - CERTIFIED MAIL

William VanVactor
County Administrator
County of Lane
Public Service Building
125 E. 8th Avenue
Eugene, OR 97401

Re: Lane County - Florence

Dear Mr. VanVactor:

At Charter we strive to provide quality products and services and at the same time keep our prices fair and competitive. Due to increases in external costs, which are more clearly delineated below, please note that effective February 15th, 2005 Charter will be implementing the following changes to our programming line-up, selected prices and services. Set forth below is a chart detailing these new services and prices.

Service	Old Price	New Price	Difference
Basic	27.60	23.94	-3.66
Expanded	18.85	25.05	6.20
Big	52.99	54.99	2.00
Bigger	65.99	67.99	2.00
Biggest	68.99	70.99	2.00
Encore	4.00	5.95	1.95
High Speed Internet 384 Kbps	29.99	39.99	10.00
High Speed Internet 3 Mbps	39.99	49.99	10.00

In addition, we wanted to take this opportunity to let you know that we currently offer three Charter Video Packages, which are outlined on this page. If a customer is currently in a package that we no longer offer, such as Digital Starter or Digital Paks, effective with our February 2005 bill statement, our customers will be billed at a la carte prices. Or, if a customer's current services exactly match one of our Charter Video Packages, that customer will be billed at the package price. If a customer is currently in a package that is no longer offered and cannot be accommodated on an a la carte basis, we will be contacting that customer over the next few weeks to discuss package options. Or, that customer will be notified that they can call our Customer Service at 1-866-499-8080. Please note all promotional offers are subject to the terms of the promotional agreement. Thereafter, standard prices will apply, as noted below.

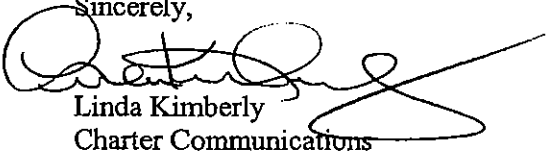
A La Carte Digital Premium Channels	Price
HBO	\$13.95
Cinemax	\$11.95
HBO/Max Pak	\$13.00
Showtime	\$12.95
The Movie Channel	\$11.95
Showtime Unlimited (incl TMC)	\$14.95
Starz Superpack (incl Enc)	\$13.00

Please further note that Charter plans on implementing a ten-dollar (\$10.00) increase to our High Speed Internet service. However, we will also be providing a ten-dollar (\$10.00) discount to customers who subscribe to both our High-Speed Internet service as well as our Video service. Since the majority of our customers subscribe to both of these services, most of our customers will see no change in price for these services on their billing statement.

It has been Charter's goal to keep a lid on price increases in every way possible. As you know, taxes, fuel and power costs impact all of our customers individually, so you can just imagine how these costs have an even greater impact on us as a business. Despite the rise in external costs, Charter has been doing its best to contain costs that are within our control. One way in which we are trying to control price increases is by creating digital packages that place some of the more high-priced programming on distinct tiers. We also seek to provide discount packages, which continue to offer the best per unit cost. We encourage our customers to inquire about our discount packages to determine whether one might better fit their requirements and help save them money in the future. While price adjustments continue to be necessary for us to cover our increasing costs of doing business, by any measure cable television continues to be a good value. Both the variety and quality of our content and services continue to expand and improve and our services are provided to our customers by a dedicated team of local employees who have a demonstrated stake in your community.

Charter customers will receive written notification in their January 2005 billing statements informing them of the aforementioned service and price changes. In addition during the month of January 2005 our customers will receive a more comprehensive letter with an enclosed price card detailing the specific changes to their prices and services. We will also utilize newspaper notices to communicate these changes. Should you have any questions regarding this notification, please do not hesitate to call me at (360) 828-6615.

Sincerely,



Linda Kimberly
Charter Communications



January 10, 2005

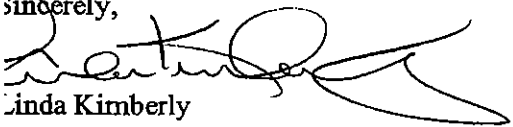
William VanVactor
 County Administrator
 County of Lane
 Public Service Building
 125 E. 8th Avenue
 Eugene, OR 97401

Re: Lane County - Florence

In our continuing efforts to be responsive to the needs of our customers, I am pleased to inform you that we have completed an extensive system upgrade. This upgrade brings with it exciting programming changes to the channel line-up and package choices available in Lane County for the area surrounding the City of Florence.

I have enclosed the new, and much expanded, Lane County for the area surrounding the City of Florence Channel Line-up that will be effective on February 15, 2005. As you can see, Charter will be adding 45 new channels including news, information, and education programming. The Family and Information Tier and Sports Tiers, plus additional channels of Pay-Per-View, offer our customers many new choices for their entertainment dollar.

Should you have any questions regarding this matter, please feel free to contact me directly at (360) 828-6615. You can speak with a Customer Service Representative 24 hours per day, 7 days per week by calling 1-866-731-5420.

Sincerely,

 Linda Kimberly
 General Manager

Channel	Channel Number	Package	Channel Number	Package
Home Shopping Net	Channel 54	Basic	Channel 3	Basic
QVC	Channel 3	Basic	Channel 8	Basic
WB	NEW		Channel 14	Basic
Inspiration	NEW		Channel 15	Basic
Trinity Broadcasting	Channel 40	Basic	Channel 16	Basic
CSPAN	Channel 56	Basic	Channel 17	Basic
CSPAN2	NEW		Channel 18	Basic
Shop NBC	NEW		Channel 19	Basic
Real Estate Channel	NEW		Channel 21	Basic
Weather Channel	Channel 52	Basic	Channel 22	Basic
Headline News	Channel 14	Expanded Basic	Channel 23	Expanded Basic
Lifetime	Channel 49	Basic	Channel 24	Expanded Basic
E!	Channel 45	Basic	Channel 25	Expanded Basic
FX	Channel 43	Basic	Channel 26	Expanded Basic

Service	Current location	Service type	New location	New service type
ESPN	Channel 18	Expanded Basic	Channel 27	Expanded Basic
ESPN2	Channel 19	Expanded Basic	Channel 28	Expanded Basic
TV Land	Channel 27	Expanded Basic	Channel 29	Expanded Basic
National Geographic	Channel 35	Expanded Basic	Channel 30	Expanded Basic
Fox News	Channel 51	Basic	Channel 31	Expanded Basic
MSNBC	Channel 29	Expanded Basic	Channel 32	Expanded Basic
Soap Network	NEW		Channel 33	Expanded Basic
Disney	Channel 31	Expanded Basic	Channel 34	Expanded Basic
Spike TV	Channel 53	Basic	Channel 35	Expanded Basic
Comedy	NEW		Channel 36	Expanded Basic
TNT	Channel 16	Expanded Basic	Channel 37	Expanded Basic
TBS	Channel 48	Basic	Channel 38	Expanded Basic
CMTV	Channel 23	Expanded Basic	Channel 39	Expanded Basic
SCI-FI	Channel 41	Basic	Channel 40	Expanded Basic
Bravo	Channel 34	Expanded Basic	Channel 41	Expanded Basic
HGTV	Channel 55	Basic	Channel 42	Expanded Basic
FSNW	Channel 21	Expanded Basic	Channel 43	Expanded Basic
USA	Channel 46	Basic	Channel 44	Expanded Basic
MTV	Channel 20	Expanded Basic	Channel 45	Expanded Basic
The Learning Channel	Channel 22	Expanded Basic	Channel 46	Expanded Basic
VH-1	Channel 42	Basic	Channel 47	Expanded Basic
Turner Classic Movies	Channel 25	Expanded Basic	Channel 48	Expanded Basic
The Discovery Channel	Channel 17	Expanded Basic	Channel 49	Expanded Basic
Animal Planet	Channel 36	Expanded Basic	Channel 50	Expanded Basic
Arts & Entertainment	Channel 33	Expanded Basic	Channel 51	Expanded Basic
Fox Movie Channel	Channel 24	Expanded Basic	Channel 52	Expanded Basic
Outdoor Life Channel	NEW		Channel 53	Expanded Basic
Cartoon Network	Channel 30	Expanded Basic	Channel 54	Expanded Basic
The History Channel	Channel 32	Expanded Basic	Channel 55	Expanded Basic
Northwest Cable News	NEW		Channel 56	Expanded Basic
CNBC	Channel 37	Expanded Basic	Channel 57	Expanded Basic
SpeedVision	NEW		Channel 58	Expanded Basic
The Golf Channel	Channel 28	Expanded Basic	Channel 59	Expanded Basic
Do It Yourself	Channel 26	Expanded Basic	Channel 60	Expanded Basic
American Movie Classics	Channel 50	Basic	Channel 61	Expanded Basic
The Travel Channel	Channel 47	Basic	Channel 62	Expanded Basic
WE TV	Channel 96	Expanded Basic	Channel 63	Expanded Basic
Court TV	Channel 39	Expanded Basic	Channel 64	Expanded Basic
Oxygen	NEW		Channel 65	Expanded Basic
TV Food	Channel 95	Expanded Basic	Channel 66	Expanded Basic
The Hallmark Channel	Channel 97	Expanded Basic	Channel 67	Expanded Basic
MTV2	Channel 311	Digital	Channel 68	Expanded Basic
Toon Disney	NEW		Channel 69	Expanded Basic
ABC Family	Channel 8	Basic	Channel 70	Expanded Basic
Nickelodeon	Channel 44	Basic	Channel 71	Expanded Basic

Service	Current Location	Service Level	New Location	New Service Level
CNN	Channel 15	Expanded Basic	Channel 72	Expanded Basic
Game Show Network	NEW		Channel 73	Expanded Basic
Great American Country	NEW		Channel 74	Expanded Basic
G4Tech TV	Channel 206	Digital	Channel 75	Expanded Basic
Outdoor Channel	NEW		Channel 76	Expanded Basic
Style	Channel 114	Digital	Channel 77	Expanded Basic
Telemundo	NEW		Channel 78	Expanded Basic

Service	Current Location	Service Level	New Location	New Service Level
Boomerang	NEW		Channel 100	Digital
Discovery Kids	NEW		Channel 102	Digital
Nick Games & Sports	NEW		Channel 104	Digital
Nickelodeon Kids	NEW		Channel 106	Digital
Discovery Espanol	NEW		Channel 113	Digital
Discovery Home	NEW		Channel 119	Digital
Bloomberg	NEW		Channel 126	Digital
CNN International	NEW		Channel 129	Digital
BBC America	NEW		Channel 132	Digital
CNN Espanol	NEW		Channel 133	Digital
MTV Espanol	NEW		Channel 141	Digital
MTV Hits	NEW		Channel 142	Digital
MTV Jams	NEW		Channel 144	Digital
VH-1 Classics	NEW		Channel 146	Digital
VH-1 Country	NEW		Channel 148	Digital
VH-1 Mega Hits	NEW		Channel 150	Digital
VH-1 Soul	NEW		Channel 152	Digital
VH UNO	NEW		Channel 153	Digital
Independent Film Ch.	NEW		Channel 195	Digital
Fox Sports Atlantic	NEW		Channel 401	Digital
Fox Sports Central	NEW		Channel 402	Digital
Fox Sports Pacific	NEW		Channel 403	Digital
Fox Sports World	NEW		Channel 404	Digital
ESPN News	NEW		Channel 412	Digital
ESPN Classics	NEW		Channel 413	Digital
Fuel	NEW		Channel 416	Digital
NFL Network	NEW		Channel 424	Digital

Channel	Channel ID	Service	New Channel	Service Type
HBO EAST	NEW		501	Digital
HBO 2	501		502	Digital
HBO Signature	502		504	Digital
HBO Family	503		506	Digital
Cinemax	550		520	Digital
Cinemax East	NEW		521	Digital
More Max	551		522	Digital
Action Max	552		524	Digital
Sho Too	601		602	Digital
Showcase	602		604	Digital
Sho Extreme	603		606	Digital
Sho Beyond	604		608	Digital
Flix	605		610	Digital
The Movie Channel	650		620	Digital
TMC Extra	651		622	Digital
Encore	730		750	Digital
Encore Action	732		751	Digital
Encore Love Stories	734		752	Digital
Encore Mystery	736		753	Digital
Encore True Stories	738		754	Digital
Encore Westerns	740		755	Digital
In-Demand PPV	NEW		807 to 814	Digital
Pay Per View Adult	NEW		894,895,897 899	Digital



January 10, 2005

VIA – CERTIFIED MAIL

William Van Vactor
 County Administrator
 County of Lane
 Public Service Building
 125 E. 8th Avenue
 Eugene, OR 97401

RE: Lane County – Cottage Grove

Dear Mr. Van Vactor:

At Charter we strive to provide quality products and services and at the same time keep our prices fair and competitive. Due to increases in external costs, which are more clearly delineated below, please note that effective February 15th, 2005 Charter will be implementing the following changes to our programming line-up, selected prices and services. Set forth below is a chart detailing these new services and prices.

Service	Old Price	New Price	Difference
Basic	22.77	23.77	1.00
Expanded	24.22	25.22	1.00
Big	52.99	54.99	2.00
Bigger	65.99	67.99	2.00
Biggest	68.99	70.99	2.00
Encore	4.00	5.95	1.95

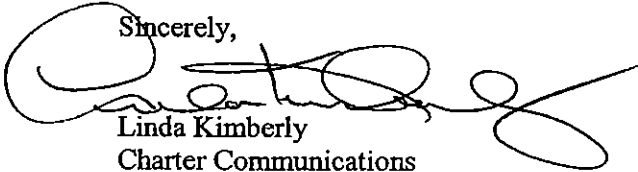
In addition, we wanted to take this opportunity to let you know that we currently offer three Charter Video Packages, which are outlined on this page. If a customer is currently in a package that we no longer offer, such as Digital Starter or Digital Paks, effective with our February 2005 bill statement, our customers will be billed at a la carte prices. Or, if a customer's current services exactly match one of our Charter Video Packages, that customer will be billed at the package price. If a customer is currently in a package that is no longer offered and cannot be accommodated on an a la carte basis, we will be contacting that customer over the next few weeks to discuss package options. Or, that customer will be notified that they can call our Customer Service at 1-866-499-8080. Please note all promotional offers are subject to the terms of the promotional agreement. Thereafter, standard prices will apply as noted below.

A La Carte Digital Premium Channels	Price
HBO	\$13.95
Cinemax	\$11.95
HBO/Max Pak	\$13.00
Showtime	\$12.95
The Movie Channel	\$11.95
Showtime Unlimited (incl TMC)	\$14.95
Starz Superpack (incl Enc)	\$13.00

It has been Charter's goal to keep a lid on price increases in every way possible. As you know, taxes, fuel and power costs impact all of our customers individually, so you can just imagine how these costs have an even greater impact on us as a business. Despite the rise in external costs, Charter has been doing its best to contain costs that are within our control. One way in which we are trying to control price increases is by creating digital packages that place some of the more high-priced programming on distinct tiers. We also seek to provide discount packages, which continue to offer the best per unit cost. We encourage our customers to inquire about our discount packages to determine whether one might better fit their requirements and help save them money in the future. While price adjustments continue to be necessary for us to cover our increasing costs of doing business, by any measure cable television continues to be a good value. Both the variety and quality of our content and services continue to expand and improve and our services are provided to our customers by a dedicated team of local employees who have a demonstrated stake in your community.

Charter customers will receive written notification in their January 2005 billing statements informing them of the aforementioned service and price changes. In addition during the month of January 2005 our customers will receive a more comprehensive letter with an enclosed price card detailing the specific changes to their prices and services. We will also utilize newspaper notices to communicate these changes. Should you have any questions regarding this notification, please do not hesitate to call me at (360) 828-6615.

Sincerely,

A handwritten signature in black ink, appearing to read 'Linda Kimberly', with a large, stylized flourish extending to the right.

Linda Kimberly
Charter Communications



1400 Newmark Ave.
Coos Bay, OR 97411
1-866-731-5120
www.charter.com

EXPANDED BASIC

02	WGN	
03	HSN	
04	HD (REPLACED)	
05	FOX (REPLACED)	
06	ABC (REPLACED)	
07	PBS (NOVAG)	
08	QVC	
09	ABC (REPLACED)	
10	Government Access	
11	TV Guide	
12	UPN (KTVU)	
13	CBS (KVAL)	
14	WB 100 Plus	
15	Inspirational Network	
16	Trinity Broadcasting	
17	CSPAN	
18	CSPAN2	
19	Shop NBC	
21	The Real Estate Channel	
22	Weather Channel	

BASIC Channels

23	OWN Headline News	51	A&E
24	Lifetime	52	Fox Movie Channel
25	E!	53	Outdoor Life
26	FX	54	Criticon Network
27	ESPN	55	History
28	ESPN2	56	WV Cable News
29	TV Land	57	QVC
30	National Geographic	58	Speedvision
31	Fox News	59	Golf Channel
32	MSNBC	60	DY
33	Soap Network	61	AMC
34	Disney	62	Travel
35	Sports TV	63	Women's Entertainment
36	Comedy	64	Court TV
37	TNT	65	Oxygen
38	TBS	66	Food Network
39	QVC	67	Hispanic Channel
40	Sci-Fi	68	MTV2
41	Bravo	69	Toon Disney
42	HGTV	70	ABC Family
43	Fox Sports Net.	71	Nickelodeon
44	USA	72	OWN
45	MTV	73	Game Show Network
46	Learning Channel	74	Great American Country
47	W-H-I	75	QVC
48	Turner Classic Movies	76	Outdoor Channel
49	Discovery	77	Style
50	Kissat Planet	78	Telefeundo

BOLD Type indicates a new channel

- WGN
- HSN
- KEVU Home Shopping Network
- KLSR Broadcast station
- KMTR Broadcast station
- PBS Public Broadcast station
- QVC Home Shopping channel
- KEZI Broadcast station
- PEG City of Florence government access channel
- TV Guide TV Guide listing of analog channels
- KTVC Broadcast station
- KVAL Broadcast station
- KZWB WB programming (family programming)
- Inspiration Religious programming
- Trinity Religious Programming
- CSPAN News and Information
- CSPAN2 News and Information
- SHOP NBC Home shopping network
- CCI Real Estate channel and community events
- Weather The Weather channel - national weather and programming

This is a national news channel based in Chicago.

NEW CHANNELS AS OF 2-15-05

DIGITAL CHANNELS

100	Newscenter
102	Discovery Kids
104	Nickelodeon GAN
106	Nickelodeon Toons
108	Noggin
110	Biography
111	Discovery Español
114	Military Channel
115	Science
116	Discovery Health
117	RLTV
119	Discovery Home
126	Bloomberg
128	OWN International
130	History Channel International
132	BBC America
133	CNN Español
134	Discovery Times
141	MTV Espanol
142	MTV Hits
144	MTV Jams
146	VH-1 Classics
148	VH-2 Country
150	VH-3 Mega Hits
151	VH-1 Soul
153	VH1 UNO
150	Lifetime Movie Network
155	Independent Film Channel
156	Sundance

401	Fox Sports Net
402	Fox Sports Atlantic
403	Fox Sports Central
404	Fox Sports Pacific
404	Fox Sports World
412	ESPN News
413	ESPN Classic
416	Fox
424	NFL Network

500	HBO
501	HBO East
502	HBO 2
504	HBO Signature
506	HBO Family
528	Cinemax
521	Cinemax East
522	Horror
524	Arrested
524	Starz Superpak
700	Starz
706	Starz Cinema
716	Starz Encore
730	Encore
751	Encore Action
752	Encore Love Stories
753	Encore Mystery
754	Encore True Stories
755	Encore Westerns

801-806	ROBEMUND
807-824	ROBEMUND
830	H&I Choice
834	H&I Net
835	H&I Zone
837	Playboy
838	Spice
839	Spice 2

DRAFT

901	Showcase
902	Today's Country
903	Classic Country
904	Stagecast
905	Rock and Hip-Hop
906	Classic R&B
907	Smooth R&B
908	R&B Hits
909	Rap
910	Hits!
911	Rock
912	Area Rock
913	Classic Rock
914	Alternative
915	RETRO-Active
916	Electronica
917	Dance
918	Adult Alternative
919	Soft Rock
920	Hic Lit
921	Party Favorites
922	90s
923	80s
924	70s
925	Solid Gold Oldies
926	Singers & Standards
927	Big Band & Swing
928	Easy Listening
929	Smooth Jazz
930	Jazz
931	Blues
932	Reggae
933	Sonotropes
934	Classical Masterpieces
935	Opera
936	Light Classical
937	Show Tunes
938	Contemporary Christian
939	Country
940	Radio Disney
941	Sounds of the Seasons
942	Musica Urbana
943	Salsa y Morenitas
944	Rock 'n' Español
945	Pop Latino
946	Pequeños

CHANNEL LINE-UP
Coos Bay: Florence (253), Dana City (260), Lane County (280)
450 MHz (02/15/05)

MUSIC

Attachment C

Core Values
National Association of Telecommunications Officers and Advisors (NATOA)
Executive Summary

Background

In anticipation of state and federal legislation that may impact local government's telecommunications authority in a variety of areas, the National Association of Telecommunications Officers and Advisors' Convergence Sub-Committee developed a set of "Core Values" (Values) which were adopted by NATOA's Board of Directors at its January 12, 2005 meeting. Each Value identifies a specific local government concern/issue that is recognized as being essential for the preservation of local government authority.

The Values have been created in a consistent format that quickly identifies each Core Value, its significance, the issues related to it, and primary talking points for NATOA members to use when educating their own officials and/or state and national representatives. The Values conform to NATOA's Policy Platform.

NATOA and the National League of Cities have coordinated their efforts in this regard and have ensured that we have consistent Values for our respective use. Further, NATOA will continue to work closely with its other sister associations, the United States Conference of Mayors, the National Association of Counties and the Alliance for Community Media, providing them with this material and encouraging the use of these Values in their own educational and advocacy activities.

NATOA's Core Values

There are a total of nine Core Values. Alphabetically they are:

- Competition and Access to Products and Services ·
- Economic Development ·
- Homeland Security and Emergency Communications ·
- Localism Achieved Through Diverse Media and Telecommunications Ownership and Content ·
- Municipal Authority to Provide Telecommunications ·
- Police Powers ·
- Preservation of Local Government Taxing Authority ·
- Rights-of-Way Authority ·
- Universal Service ·

Call to Action - Advocacy and Education of Officials

The Board of Directors is asking its members to use the set of Values to educate their own officials, and then for either those officials, or their designee(s), to use the Values to educate and advise state and federal representatives. The Values and their format have been developed so that each NATOA member is able to quickly select the Values that have significance to their locality. For example, one member may have concerns with homeland security issues while another is concerned with rights-of-way authority. By using the Core Values format, a consistent, unified and strong message will be provided to state and federal elected officials.

Questions, and any anecdotal stories regarding the communications of NATOA's Core Values, should be referred to NATOA headquarters, 703-519-8035.

Competition and Access to Products and Services

Core Value

Competition provides greater choice, better quality and competitive pricing for communications products and services, and access to new technologies affords greater communications options for a community.

Core Value Fundamentals

- The nation's communications policy increasingly relies on less regulation of the communications market and more on competition and competitive forces to regulate it.
- Local governments share the Congressional goal of establishing meaningful competition in the local communications markets.
- Although there is competition in some communications sectors, most sectors are not truly competitive.
- Furthermore, a trend toward industry consolidation has reduced competition.
- In the absence of genuine competition, local governments should have the ability to ensure consumers are treated fairly and that their community's communications needs are met.

Local Government Concerns

There is the potential that in updating the Communications Act Congress could remove consumer protections and local government oversight of critical communications technologies before genuine competition for communications services exists. Congress will likely attempt to create regulatory parity (i.e. common rules) for communications companies such as cable and telephone companies that with convergence of technologies will be able to offer similar services (voice, video and data). Based on this ability to compete against one another or convergence, communications companies will argue for full deregulation and the preemption of traditional state and local authority, irrespective of whether genuine competition within individual markets exists. This may subject consumers to the abuses of a monopoly or a duopoly communications market in many communities.

Congressional Action

- Recognize that local government shares the Congressional goal of establishing meaningful competition.
- Develop a meaningful, and local, competition standard, where deregulation is tied to significant evidence of "price competition" and price restraint.
- Guarantee local government authority to protect consumers, where market forces fail.
- Maintain local government authority over the public rights-of-way to rightfully allow the determination of access policies at the local level.
- Prevent communications providers from cross-subsidizing competitive service with non-competitive service revenues.
- Prevent consolidation that results in the ownership of both the distribution facilities and the content transmitted on those facilities by a single company.
- Develop policies which encourage Federal, state and local governments to work together to ensure:
 - that consumers are protected from market power abuses, and;
 - to develop local information infrastructure and services that enable all segments of the community to participate in the global economy.

Economic Development

Core Value

The promotion and advancement of economic development is a key responsibility of local government.

Core Value Fundamentals

- The future of any local community depends on its ability to create jobs, stimulate commerce and providing a high quality of life for its citizens.
- Local economic development strategies have shifted in the last twenty years as local communities discover that their economic survival now depends on their ability to compete in a global economy dependent on the rapid flow of information.
- Access to affordable and reliable high-speed broadband infrastructures and a highly trained and educated workforce must be available in a community to ensure economic success.
- Competition based on the flow of ideas and intellectual property result in economic freedom and prosperity.

Local Government Concerns

The future economic survival of America's local communities depends on the widespread and rapid deployment of affordable broadband infrastructures. Legislation that hinders local ability to act is a direct threat to the economic viability of our communities. Local governments must be able to ensure the availability of the infrastructure necessary to compete in an information-based global economy and to maintain a tax base that is tied to this information economy.

Congressional Action

- Allow local governments the broadest array of authority to support local economic development.
- Amend the nation's tax code such that it no longer unfairly favors Internet merchants at the expense of main street merchants.
- Amend the Communications Act to compel the FCC to curb anti-competitive incumbent practices that place new competitors at disadvantage vis-à-vis incumbents.
- Preserve local governments' authority to prohibit social and economic discrimination (redlining) of residential and commercial areas by broadband providers who wish to serve only the most profitable areas of a community.
- Amend the Communications Act so that the authority of municipalities to provide telecommunications facilities and/or services is clearly preserved.

Homeland Security and Emergency Communications

Core Value

Local government must have access to and use of effective and reliable emergency communications systems.

Core Value Fundamentals

- With few, if any exceptions, every emergency is local.
- Local governments' police and fire departments are first responders in the overwhelming majority of disasters.
- Emergency communications systems are part of government's broader responsibility for emergency management.
- Emergency communications systems are used to inform and protect the public in the event of terrorist threats, natural or man-made disasters and other public safety matters.

Local Government Concerns

Local government is in the best position to determine how best to use homeland security funds and technical assistance from the Department of Homeland Security that is targeted to localities, and should be provided that deference. As such, funding must be provided and local government must evaluate whether the federal government is providing support commensurate to the critical role of first responders. Similarly, sufficient spectrum must be made available for public safety uses, and non-interference with public safety communications must take priority over commercial transmissions. The utilization of private communications resources for governmental and public emergency use must be preserved, and the decisions relating to such use must remain at the appropriate local, state and federal levels.

Congressional Action

- Provide sufficient spectrum for public safety and mandate that commercial transmissions will not interfere with public safety communications.
- Require the FCC to accelerate E911 deployment, including next generation technology deployment of emergency information and systems.
- Preserve and protect local emergency alert systems where identified and requested by local government in order to meet their emergency response needs.
- Adopt and implement the National Emergency Alert System and require industry participation to ensure that messages of all levels of government relating to national emergencies are provided via all available communications systems.

Preservation of Local Government ^{Taxing} Authority

Core Value

The ability of a government to impose and collect taxes to fund its operations is an essential authority of any government, including local government.

Core Value Fundamentals

- The long-established authority of localities to tax is critical in order to ensure that local governments have adequate resources to provide all of the vital local public services that their residents expect and demand.
- Local governments levy taxes to raise revenue that enables them to provide the vital public services to their residents, including public health, safety, education, economic development and social welfare.
- The proximity and accessibility of locally elected officials to their constituents is the ultimate example of taxation *with* representation.

Local Government Concerns

If the federal government continues to erode, limit or preempt local governments' taxing authority, they will become increasingly unable to provide the vital public services on which their residents depend. Federal government revenue sharing has already been cut to the bone and state revenue sharing is trending in the same direction. Local governments can not simultaneously be told that they are on their own to find revenues to provide essential services, be burdened with federal and state mandates in terms of what they must do, and then be told that various forms of potential tax revenues are absolutely out of bounds. Proposals by the federal government to limit or preempt local taxing authority violate the fundamental concept of political accountability that is built into our system of federalism.

Congressional Action

- Reassert and preserve local governments' authority to tax.
- Oppose any legislation that limits local governments' taxing authority.
- Allow local residents to continue to decide for themselves if and how they wish to be taxed by their local government.

Localism Achieved Through Diverse Media and Telecommunications Ownership and Content Core Value

In order to ensure that local community communications achieve their fullest potential, all communications networks of the future must support the widest diversity of speech.

Core Value Fundamentals

- A democracy depends upon an educated and informed population, and an educated and informed population depends upon the availability of a wide variety of opinions and viewpoints.
- The country's growing diverse population requires, now more than ever, the ability for each locality to meet community needs through as many communications mediums as possible.
- The concentration of media ownership in a few large companies poses grave danger to the freedom of expression guaranteed by the First Amendment because large companies are unaware or unconcerned about local issues.
- Locally produced content and accessibility to open networks are more inclusive, regardless of who produces the content.

Local Government Concerns

The regulatory restructuring needed to address new technological realities, without recognition of the value of localism, threatens to eliminate the capacity and resources for equipment, facilities and training currently provided to localities by cable companies. As companies providing voice, video and data services all shift to Internet protocol technology, the local community benefits established by Congress under the Communications Act may vanish without additional Congressional action. As gatekeepers of information in our society, companies using public (federal, state or local) property for the provision of communications services should be required to set aside capacity and resources in order to preserve the ability to create and deliver local content.

Congressional Action

- Authorize local governments to develop local media solutions and resources that meet their constituents' needs.
- Mandate the establishment of electronic greenspace, i.e., capacity on all telecommunications infrastructure for use by members of the local community and others who are unaffiliated with the owner of the infrastructure.
- Mandate a set formula for funding that all infrastructure providers must contribute in support of the equipment, facilities and training that people will need to create content.
- Affirm that local governments are the appropriate jurisdiction to oversee community needs ascertainments for community media and related public service obligations.

Municipal Authority to Provide Telecommunications

Core Value

Local governments should have the ability to provide their local community with telecommunications facilities and/or services.

Core Value Fundamentals

- Municipalities are not motivated by profit maximization and are often in a position to meet the telecommunications needs in their communities earlier and better than private companies.
- Municipalities may be the only potential providers of robust and advanced telecommunications facilities and/or services in many communities.
- Municipal provision of telecommunications services offers an effective, and often the only, source of competition that results in better services and/or lower prices for the consumers.

Local Government Concerns

Telecommunications providers seek to have legislation enacted that prevents, or has the effect of preventing, municipal telecommunications services even when they are not providing comparable services.

Congressional Action

- Amend the Communications Act so that the authority of municipalities to provide telecommunications facilities and/or services is clearly preserved.
- Prohibit any legislation that prevents, has the effect of preventing, or in any way impairs the ability of municipalities from providing telecommunications facilities and/or services, if a local government determines that it is in the best interest of its community.

Police Powers

Core Value

The preservation of local government's police powers is essential for the health, safety and welfare of its citizens.

Core Value Fundamentals

- A key purpose of government is to protect and promote the public health, safety and welfare of its citizens.
- Under our federal system of government, this purpose is carried out at each level – federal, state, and local – with respect to the issues appropriate to each level.
- Federal and state agencies are ill-suited for individual enforcement in every locality.
- Local government needs to retain the clear authority to deal with local issues, such as land use and zoning (which require extensive knowledge of local conditions), building and safety codes (because local conditions and history may affect the importance of particular concerns), and consumer and privacy protection.

Local Government Concerns

Communications companies seek to neutralize local communities' police powers in order to minimize their costs, maximize their profits, and simplify their compliance requirements. Frequently, they seek to use federal or state legislation, or agency action, to preempt local authority and thus (since federal and state agencies cannot deal with every local issue) effectively escape from oversight in these areas. For example, wireless carriers often seek to unnecessarily constrain local zoning authority without justification. Communications providers also seek to use irrelevant distinctions as excuses to eliminate local authority – for example, to claim that any system using Internet Protocol (IP) technology somehow makes consumer protection rules unnecessary.

Congressional Action

- Prohibit language that would place undue restrictions on local government's ability to enforce their land use and zoning authority.
- Encourage the use of already established general procedural requirements (such as federal procedural requirements for siting of wireless communications facilities, 47 U.S.C. § 332(c)(7)) that does not pretend to substitute for the substantive judgment of local governments.
- Prohibit laws that would preempt local building and safety codes, rules and conditions, and prevent local enforcement.
- Adopt consumer and privacy protection laws that may set national standards, but still recognize that these standards may need to be adapted to meet local needs and interests, and in any case will have to be enforced by local governments.

Rights-of-way Authority

Core Value

Local government must be able to maintain local ownership and control of local public rights-of-way.

Core Value Fundamentals

- Public rights-of-way form an essential part of the local infrastructure.
- Local governments are responsible for the protection and management of the public rights-of-way by regulating construction and usage practices.
- The federal government does not own these assets, nor is it capable of making day-to-day decisions about their use.
- Local governments must be able to charge a fair market price for private use of these public resources and thus to ensure that the community is fairly compensated for their use.
- Rights-of-way fees represent a major source of revenue for local governments, and payment of a fair price promotes efficient allocation of economic resources.

Local Government Concerns

Private parties using the public rights-of-way frequently promote federal and state legislation to preempt, reduce or eliminate local government control of the public rights-of-way, in order to gain free or below-market use of these resources and immunity from conditions that protect the public and other rights-of-way users. They also seek to employ the courts and the FCC to override local community rights in these areas. In effect, these private users seek to profit by expropriating resources owned by the whole community.

Congressional Action

- Ensure that state and local property rights and regulatory rights over public rights-of-way are preserved in any legislation.
- Reject legislation that would directly or indirectly give away a right to use local communities' property at below-market prices and thus deprive localities of their property rights, which is violation of the Unfunded Mandates Law and Fifth Amendment prohibition against taking of property.
- Clarify federal language (47 U.S.C. §253) to ensure that it cannot be read to force localities to give access to public rights-of-way for no more than cost reimbursement.
- Reject requests for unfunded mandates in favor of broadband providers in the form of discounted access to local public rights-of-way unless the federal government is willing to use its own money to pay this subsidy.
- Recognize that the FCC is ill-suited to ensure that local public rights-of-way are used safely, efficiently, and without unnecessary disruptions. These goals can only be achieved at the local level.

Universal Service

Core Value

Local government supports universal service and the nation's long held communications policy to provide affordable service to all Americans.

Core Value Fundamentals

- Universal Service Fund programs provide benefits to communities and assistance to low income residents for telephone service, reduced telecommunications and Internet rates for rural health care providers and lower telephone rates for residents that live in rural and high cost areas.
- Over \$2 billion Universal Service Funds are distributed annually to local governments under the Schools and Libraries program (E-rate program) to wire and maintain connections to the Internet.
- In the absence of Universal Service funding local government would have the difficult choice of providing this support from general funds, or doing without.

Local Government Concerns

There are five programs at the federal level and a wide variety of programs at the state level that fall under the universal service umbrella. In recent years, funding support for universal service at the federal level, based on interstate and international communications, has continued to shrink. With the proliferation of Voice Over Internet Protocol service, support based on intrastate communications for state programs will be threatened. As communications networks continue to evolve Congress will need to consider how to restructure a universal service system currently based on legacy networks. Additionally, Congress must ensure that residential consumers receive universal service support for essential new technologies, such as broadband connections. Also, while 94% of schools are wired for Internet access; E-rate funding is also currently used to help pay for reoccurring Internet access charges. Cuts in the E-rate program threaten broadband connectivity for schools and libraries. Finally, new legislation could threaten preemption of state-run universal service programs.

Congressional Action

- Preserve the concept of Universal Service while finding a new mechanism for ensuring continuation of the public benefits this program provides our communities.
- Empower local governments to determine the direct support their communities receive in both federal and state universal service funds.
- Expand Universal Service Funds to include broadband connectivity.