

MEMORANDUM
November 17, 2005

TO: FILE UT-051580

FROM: Rebecca Beaton, Commission Staff, WUTC

SUBJECT: 2005 Comcast Service Update
Comcast Digital Phone Service (CDP)
Digital Telephone Service (DTS)

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Related Dockets: UT-031459 Comcast Penalty/Reporting
UT-031472 Local Dial
UT-031326 Comcast Reporting
UT-031007 Comcast Pricelist

DTS: Digital Telephone Service

Comcast Phone of Washington, LLC. Local phone product Digital Telephone Service or "DTS."

Comcast is based in Philadelphia, PA. In Washington, Comcast offers two telephone services, DTS, a "traditional" phone service through cable, Comcast Digital Service and "CDS" that is a VOIP communications product, as well as an array of cable services. Comcast is the nation's largest cable provider, with 21.4 million customers nationwide.

DTS was introduced nationally in 2001 through AT&T. Comcast purchased AT&T and the two companies continued to operate as separate entities. In Washington, AT&T filed with the Commission DTS for general availability in 2003. The Commission pricelist filing is Docket UT-031007.

- DTS is a fully regulated, equal access, traditional telephone service product.
- Price point is \$12.95 for basic telephone service.
- 18 months per customer for the company to realize profit on DTS service.
- The serving technology is a hybrid fiber coaxial cable system.
- Comcast's DTS is run through the coaxial cable from the Comcast "box" to the traditional NIU, the customer home interface unit, and then to the customer's inside wire and to a traditional telephone.
- Comcast has an agreement with AT&T to complete the transport for DTS via a "5ESS" central office switch leased from AT&T, located in Seattle, with circuit switch technology.
- The Comcast switch lease with AT&T is contracted through 2006. Customers are billed through AT&T Broadband.
- Comcast has not fully "grandfathered" the DTS service to Comcast because of the obligations of the contract with AT&T for the central office switch through 2006.
- Time Warner and Cox have similar local service type products.

Background notes:

AT&T marketed DTS product without the billing and technical systems in place for competition reasons. The company had a goal of one million customers nationwide immediately. WUTC's consumer affairs division had complaints on billing and notice issues as well as complaints related to the customer's inability to reach a call center. Customers had enhanced features not billed and the Washington prison phone collect calling services went two years without customer billing.

In January 2005, Comcast notified customers, in compliance with Commission rules, there would be no back billing but charges would be initiated for feature packages used and customers could choose either to disconnect those features or be billed.

Comcast, as of 2005, has technicians and service representatives "cross trained" to work all products the company offers.

UT-031459: Comcast Reporting Requirements-Non compliance case.

In April 2005 Comcast ceased service quality reporting to the WUTC. The DTS service customer numbers dropped below the two percent (2%) reporting threshold that requires annual reports to the Commission. The Commission had allowed an alternate reporting format for Comcast, TCG Seattle and TCG Oregon and AT&T Communications of the Pacific Northwest to address compliance of rule requirements for companies annual reporting. Comcast's alternate reporting format was allowed as a part of the settlement in the UT-031459 complaint case settled July 2004. TCG Seattle, Oregon and AT&T's alternate reporting formats were allowed in UT-041588 approved May 2005.

The DTS product is a "low profile" service for the company according to Comcast due to reporting requirements in UT-031459. Comcast asserts it cost the company \$500,000 to create the required WA annual reports for the DTS service. Comcast agreed to cease marketing the service in this state. Customer numbers dropped in 18 months from 117,000 access lines to 50,000 simply through churn.

Comcast is not marketing DTS in either Washington or Oregon and the company anticipates a continued drop of customer numbers for DTS. According to Comcast's Rhonda Weaver, DTS service takes 109 months to make money for the company on the basic only product. Comcast asserts the DTS product will only be sold to a customer if the IP product CDP does not meet the customer requirements. The company may grandfather the existing DTS customers in the

future. There is no defined date for grandfathering the DTS service per Comcast's regulatory representative Rhonda Weaver.

Comcast DTS Product	Customer Numbers
WA 2003 Report on 2002 data	117,000
WA 11/2005 per Comcast	50,000
National 11/2005 per Comcast	1.2 M

CDP: Comcast Digital Phone Service

The Comcast Digital Phone Service (CDP) is a VOIP (Voice Over Internet Protocol) product. Comcast uses the IP format to route digitized and packet switching transport of voice messages across Comcast controlled and dedicated networks. CDP does not utilize the public internet (such as the Vonage, 8X8, Voiceglow products) for its IP phone service.

Comcast's IP product "CDP" and the local switched "DTS" product use a telephone and dial tone. CDP uses two pieces of equipment, a VOIP enabled cable modem and the "MTA", a multimedia terminal adapter. The features and functionality of the CDP and DTS products are the same and looks transparent to the consumer. The CDP and DTS products will appear the same to a customer on voice quality and use.

The CDP product is different from the DTS in that CDP may be purchased only as a "bundled" product with cable and includes video, high speed access, one line with up to 12 features (i.e.: voicemail, call forward, call waiting that moves the call to email or voicemail, etc.), and unlimited domestic long distance. CDP from Comcast uses a soft switch technology for up to 100,000 customers per switch. The first Comcast soft switch is located in Burien, Washington. Comcast has marketed heavily in Oregon and Washington in 2005.

CDP is not a nomadic service although the MTA could be taken out of the customer specific residence and moved, then attached at another Comcast customer location. The service is not rendered through a laptop but through the MTA device which Comcast hopes will diminish potential movement of CDP. Comcast anticipates as the market grows, the movement area will become smaller and the opportunity to use the MTA in other locations from the customer assigned minimizes. The customer contract agreement terms specifically forbid using CDP remotely or nomadically.

CDP Numbers:

Comcast's Rhonda Weaver states:

- 175 customers per day are purchasing CDP in Washington market.
- One (1) month per customer for profit on CDP service.
- The service began in Washington on October 1, 2005.
- CDP allows customers to keep their existing telephone and telephone number.
- Local and long-distance service is offered.
- Digital Voice is available in the Seattle, Baltimore, Washington, D.C., and Boston.
- CDP will be marketed nationwide in 2006.

General:

- Price point \$39.95 per month for the basic CDP service package.
- Standard and Poor's 10/05 report Comcast expects one million customers to the VOIP CDP service nationally in 2006.
- Comcast's system in Washington has the capability to route 911 calls and identify the caller's location.
- Comcast uses its own network to send and receive calls.
- Vonage is the largest nation's largest VOIP provider with 1 million lines. Vonage uses other providers' broadband networks to send and receive calls using Internet protocol.)
- CDS is not be regulated by the WUTC.

<i>2005 WUTC Consumer Affairs</i>	<i>Number</i>
Comcast billing, porting, non-pay, disconnect, quality, misc. customer inquiries	31 total
<i>WUTC Consumer Affairs Complaints</i>	<i>Porting – Number Per Company</i>
AT&T Communications	3
Bell South Mobility	1
Cingular Wireless	1
Comcast	2
Eschelon	1
Excel	1
Integra	1
MCI	6
NW Telephone	1

Speak Easy (VOIP)	1
Sprint	1
Tel West	1
Verizon Advanced Data	1
Verizon NW	13
Qwest	14
XO Communications	2

Notes: WUTC Consumer Affairs:

Explanation:

complaints/inquiries regarding various porting issues 11/2005.

Summary:

- Slow porting (2-3 weeks and in some cases months).
- Some numbers did not port.
- Companies pointing fingers at each other why port is not going through.
- Local freeze on line so number does not port.
- Numbers ported by mistake.
- Number ports but getting billed by both companies.
- LEC initially refusing to port to VOIP.
- Confusion on which numbers needed porting.
- Number only partially ported (consumer can call out but others cannot call in).
- Company disconnects before port can go through.
- Lost orders.