

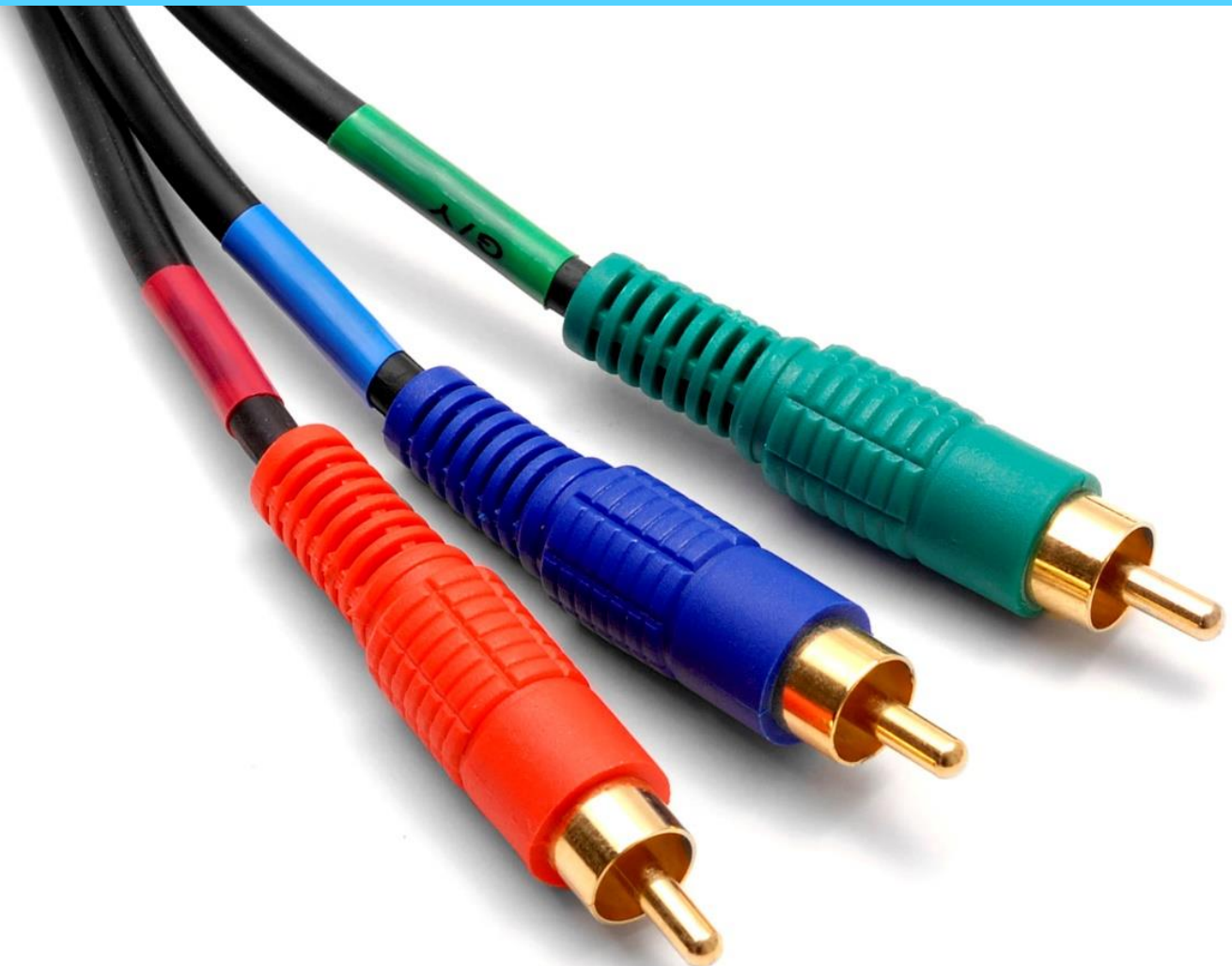
UNITED STATES SENATOR
CLAIRE McCASKILL

RANKING MEMBER, U.S. SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

INSIDE THE BOX

Customer Service and Billing Practices
in the Cable and Satellite Industry

MINORITY STAFF REPORT



Issued June 23, 2016

EXECUTIVE SUMMARY

Millions of Americans rely on their cable or satellite television provider to deliver news, entertainment, and other television programming. However, many customers are deeply dissatisfied with their cable and satellite television providers.

This report focuses on customer service and billing practices at three of the largest cable and the only two satellite television providers in operation when the Subcommittee's investigation began in 2015: Comcast Corporation (Comcast), Time Warner Cable Inc. (Time Warner Cable), and Charter Communications, Inc. (Charter), AT&T Entertainment Group (DirecTV) and Dish Network Corporation (Dish). At the end of 2015, these companies collectively had more than 71 million subscribers. This represented about 72% of all American households that paid to receive television programming and more than 53% of all American households.

Many cable and satellite customers have been frustrated by the cost and complexity of their bills. This report reviews four of the most frequent areas of complaint related to billing for new and current subscribers: (1) the initial pricing, (2) expiring promotions, (3) additional fees and changes, and (4) price increases. This report also reviews the adequacy of the cable and satellite providers' efforts to explain their billing practices to customers.

Initial Pricing: One common complaint leveled against cable and satellite providers was that they did not adequately disclose the price of their service in advertising or at the point of sale. For example, one provider conducted an investigation into complaints among customers who felt that they were charged a different price than what they were promised. It determined that approximately 30% of the customers reported they were not quoted the full or correct package price.

Expiring Promotions: As part of introductory promotions for new customers, many cable and satellite providers offered promotional offers for a set time period, after which the rate increases. This could include a price discount, or free premium channels. However, customers were not always aware that there will be an increase in price when their promotion ends or "rolls off." When promotional prices were advertised by some cable and satellite providers, they were in large eye-catching print, while the price that companies charge after the promotional price rolls off, or the "standard" price, was often only included in the fine print. Companies were aware that customers are surprised and upset by these unexpected increases, and many noted that customers are at the greatest risk of cancelling when their promotional offer ends.

Additional Fees and Charges: Companies charged many kinds of fees on top of the base price for television service. These fees could substantially increase a customer's total monthly price and were not prominently displayed in advertisements. In addition, companies have been creating new fees, such as broadcast television fees and regional sports network fees, to cover programming that historically was included in the price of a customer's programming package.

Compounding customers' frustration was the rising price for cable and satellite. All of the companies in this investigation have increased their prices since 2011, with the cost of some packages increasing by as much as 33%. While all of the providers notified customers of upcoming price increases, this notification was not always effective. A 2013 internal DirecTV study found that the provider's notices were only effective at alerting 16% of subscribers that prices would increase.

Beyond pricing, customer service remained a problem for the cable and satellite industry. Our investigation found that customers faced difficulties getting their problem resolved by their cable or satellite provider. In December 2015, for instance, 40% of a sample of customers who called Comcast with a billing problem were unable to resolve it on the first call. In December 2014, DirecTV found that 36% of callers contacting the billing department were unable to fully resolve their issue. Charter noted that approximately 20% of callers were not able to solve their problem on the first call. In addition, based on 2015 customer survey data provided by Time Warner Cable, only 42% of customers agreed that Time Warner Cable “has the ability to resolve your problem on the first call.”

In addition, when customers called about a problem, they had to listen to sales tactics. For example, when Time Warner Cable customers called to ask about price hikes, the company labeled it as an “opportunity” to upsell them, and advised agents, “[t]he price adjustment brings with it an opportunity to upsell customers.” Regardless of the reason that customers may have called, Comcast told its employees to “uncover ‘hidden’ needs” of their subscribers for additional services. Upselling annoyed enough customers that Dish instructed its agents to note when subscribers ask never to be upsold. However, but for the case of certain exceptions, such as customers calling in with service problems, most Dish agents were required to upsell on every call—even when customers have rejected an initial upsell on a previous call. Cable and satellite providers expected that customers would be frustrated, and devoted a considerable amount of effort into training their customer service representatives to interact with customers who are surprised and upset by the high price of their service.

Finally, when customers decided that they wanted to cancel their service, they faced difficulties in doing so. Rather than simply disconnecting the service online, customers must either visit a retail store or call and speak to a company’s “retention” agent. As stated in a Time Warner Cable training document, the goal of the retention agent was to “do the opposite of what the customer is calling for. If the customer is calling into cancel, your goal is to not cancel the services! And if the customer wants to lower the bill, you’re going to try to avoid that, and perhaps even raise the bill!” All of the companies in this review trained their retention agents to follow a similar process, which included: (1) asking probing questions to determine how customers use their service and why they want to cancel; (2) proposing “solutions” to address the customers’ stated reasons for canceling their service; and (3) overcoming objections from customers who do not want to answer questions, or who do not accept the proposed solution.

Cable and satellite providers trained their retention agents to continue the probing process after customers have indicated they do not want to answer questions and simply want to disconnect their service. For example, Time Warner Cable, DirecTV, and Dish had their agents practice overcoming objections from customers like, “Please disconnect me today. I don’t want to go into detail,” and “Just cancel the service.” Prolonging the process, retention agents made repeated offers to keep customers. Dish and Charter indicated that after a customer has objected to an offer twice, agents should start the process over; however, Charter added that, “[w]e will not need to start from square one, but we will need to overcome hesitations before moving to an agreement.” After meeting with the Subcommittee, Comcast stressed to its retention agents that its policy allowed them to stop trying to “save” the customer if the customer refused or became upset by a retention agent’s request to ask the customer questions about their decision to disconnect.

Customers attempting to save money by downgrading or dropping a service from their package were often routed to the same retention agents. Cable and satellite providers trained their retention agents to minimize downgrades and the associated loss of revenue by following a step-down process in which the offers made to the customer progress in a stair step fashion, with the offer that has the greatest financial impact on the provider made last. However, in the case of Time Warner Cable, some agents claimed that the offer made is the best price “at that time,” despite the fact that lower offers were available.

Cable and satellite providers have acknowledged the need to improve their customer service, and provided information to the Subcommittee regarding their efforts to identify and address customer pain points and improve the customer experience.

BACKGROUND

Millions of Americans rely on their cable or satellite television provider to deliver news, entertainment, and other programming.¹ These providers are known collectively in the cable and satellite industry as “multichannel video programming distributors” (often referred to as “MVPDs”). They range in size from large companies such as Comcast and DirecTV, which have millions of subscribers, to local cable operators that may only have a few hundred subscribers. While cable and satellite providers are often colloquially referred to as “cable companies,” in industry terms a “cable operator” specifically refers to a company that provides programming via coaxial or fiber optic cable. Satellite providers use satellite signals to provide programming. While this report focuses on the television programming offered by cable and satellite companies, the companies also provide internet, telephone, and sometimes home security services.

At the end of 2015, three of the largest cable companies and the only two satellite companies collectively had more than 71 million video subscribers. This represented about 72% of all American households that paid to receive television programming and more than 53% of all American households. **See Figure 1.**

Even though millions of Americans subscribe to cable and satellite providers, they are deeply dissatisfied with their providers. The most recent American Customer Satisfaction Index (ACSI) survey found pay television service

¹ This report does not address video service provided by telecommunications service providers, such as Verizon FiOS or AT&T U-verse, nor does it include Google Fiber. Combined, these companies serve 11,176,000 subscribers, or roughly 11% of all video subscriber households. However, the cable and satellite providers discussed in this report serve a large majority (about 72%) of all subscriber households. *Google Fiber's Video Subscriber Growth Surges*, REUTERS (Mar. 3, 2016) (online at <http://fortune.com/2016/03/03/google-fiber-video-subscriber-growth>); *Google Fiber: Horton Hears a Who*, MOFFETT NATHANSON RESEARCH (Mar. 3, 2016) (online at <https://www.moffettnathanson.com/blog.aspx>); *Major Pay TV Providers Added About 10,000 Subscribers in 1Q 2016*, LEICHTMAN RESEARCH GROUP (May 17, 2016) (online at <http://www.leichtmanresearch.com/press/051716release.html>).

scored second-to last in customer satisfaction out of the 43 industries it studies.² This 2016 survey, which was based on polling 70,000 consumers, also found that while customer service in the cable and satellite industry as a whole had improved slightly from the year before, there was no other place to go than up. The previous 2015 survey found that the pay TV industry tied for the lowest score out of all 43 industries it surveyed.³

Other polls confirm that Americans have an unfavorable opinion of the customer service provided by their cable and satellite providers. In 2015, a Consumer Reports survey found that 20 out of 24 cable providers received the lowest score possible and stated that “along with death and taxes, lousy cable service seems to be one of life’s certainties.”⁴ Comcast, Time Warner Cable, and Charter all rated near the bottom of these survey results.⁵ In 2016, another survey of 10,000 consumers found that more than 20% of consumers who had interacted with TV providers reported having a bad experience during the previous six months, the highest level of any industry.⁶ Comcast and Time Warner Cable had the highest levels of consumers reporting bad experiences among cable and satellite providers.⁷ Finally, in 2015, Comcast, DirecTV, and Dish were all listed on 24/7 Wall Street’s “Hall of Shame,” a list of the 10 companies with the worst customer service ratings based on a survey of 1,500 American adults.⁸ According to the survey, high prices and poor customer service were the biggest consumer complaints.⁹

² American Customer Satisfaction Index, *ACSI Telecommunications Report 2016* (online at <http://www.theacsi.org/news-and-resources/customer-satisfaction-reports/reports-2016/acsi-telecommunications-report-2016>).

³ *ACSI Telecom Report Shows Competitive Industries Have Higher Customer Satisfaction*, FIERCE CABLE (June 1, 2016) (online at <http://www.fiercecable.com/press-releases/acsi-telecom-report-shows-competitive-industries-have-higher-customer-satis>). The last place in 2016 belonged to internet service providers, some of whom are also television providers.

⁴ Brad Tuttle, *Even for Cable TV, These Customer Satisfaction Ratings are Horrible*, TIME (May 29, 2015) (online at <http://time.com/money/3901532/cable-tv-ratings-internet>).

⁵ *Id.*






⁶ *New Temkin Group Research Shows that Consumers Have Most Bad Experiences With AirTran Airways, Time Warner Cable, Comcast, and HSBC*, MORNING STAR (Mar. 30, 2016) (online at https://www.morningstar.com/news/pr-news-wire/PRNews_20160330PH57602/new-temkin-group-research-shows-that-consumers-have-most-bad-experiences-with-airtran-airways-time-warner-cable-comcast-and-hsbc.html).

⁷ *Id.*

⁸ *Customer Service Hall of Shame, 24/7 WALL STREET* (July 23, 2015) (online at <http://247wallst.com/special-report/2015/07/23/customer-service-hall-of-shame/4>).

⁹ *Id.*

FIGURE 1: SUBSCRIBER BASE AND MARKET CAPITALIZATION OF TV PROVIDERS

TV PROVIDERS	VIDEO SUBSCRIBERS ¹⁰	COMPANY VALUE ¹¹	ESTIMATED % OF ALL HOUSEHOLDS ¹²	ESTIMATED % OF SUBSCRIBER HOUSEHOLDS ¹³
CABLE COMPANIES				
 COMCAST	22,400,000	\$145.67B	16.72%	22.4%
 Time Warner Cable®	11,056,000	\$59.66B	8.25%	11.06%
 Charter COMMUNICATIONS	4,445,000	\$25.77B	3.32%	4.45%
SATELLITE COMPANIES				
 DIRECTV	20,112,000	\$47.18B	15.01%	20.11%
 dish NETWORK	13,874,000	\$25.23B	10.35%	13.87%

¹⁰ Major Pay-TV Providers Added About 10,000 Subscribers in 1Q 2016, LEICHTMAN RESEARCH GROUP (May 17, 2016) (online at <http://www.leichtmanresearch.com/press/051716release.html>). This data is current as of the end of the first quarter of 2016. Since the investigation began, Time Warner Cable and Charter merged, and DirecTV merged with AT&T. With the addition of AT&T's U-Verse subscribers, DirecTV would have 25,372,000 total video subscribers. *Id.*

¹¹ YAHOO! FINANCE (<http://finance.yahoo.com>) (accessed June 3, 2016).

¹² These percentages were calculated by dividing the number of each provider's subscribers (provided in the first column) by the total number of U.S. households (as identified in the U.S. Census Bureau July 1, 2015 population estimate. U.S. Census Bureau, *Quick Facts* (online at <https://www.census.gov/quickfacts/table/PST045215/00>) (accessed June 6, 2016).

¹³ Jon Lafayette, *Nielsen: Pay-TV Households Dip Below 100M*, BROADCASTING & CABLE (Mar. 24, 2016) (online at <http://www.broadcastingcable.com/news/currency/nelsen-pay-tv-households-dip-below-100m/154922>).

One of the most widely used measures of customer satisfaction is a Net Promoter Score, or NPS. Essentially, a positive NPS indicates that a customer would recommend the service or product to a friend. A negative NPS indicates that a customer would not—or would even dissuade a friend from purchasing it. The more effort it takes a customer to deal with a problem, such as multiple calls to the company, generally poor customer service, or an ultimately unresolved issue, the lower a company’s NPS score.¹⁴ Using data for 2015, the most recent year for which the Subcommittee has access to information for all companies, all of the investigated cable providers had a negative NPS.¹⁵ Dish had a positive score for new and existing customers¹⁶ and DirecTV had a positive score for new customers¹⁷ but a negative score overall.¹⁸

Although cable and satellite companies have troubling scores in customer satisfaction rankings, they note that most of the millions of interactions with customers are satisfactory. For instance, Charter stated that “To be clear, not all or even most of the calls received by Charter can be characterized as customer ‘complaints.’” Time Warner Cable’s measures its customers’ satisfaction through automated surveys. 87% of customers gave Time Warner Cable an 8, 9, or 10 (with 10 being the most satisfactory) through the third quarter of 2015.¹⁹ Comcast noted that “...the company services roughly 27 million customers and receives more than 1 million customer calls in a given day across the country. Issues that arise with even a very small percentage of these interactions will still constitute a sizeable raw number if viewed in isolation.”²⁰

METHODOLOGY

Given the importance of cable and satellite television providers to millions of Americans and the frustration that many of them experience as customers, the Subcommittee began an investigation of the consumer practices at three of the largest cable and the only two satellite television providers in operation at the time the Subcommittee’s investigation began in 2015: Comcast Corporation (Comcast), Time Warner Cable Inc. (Time Warner Cable), and Charter Communications, Inc. (Charter), AT&T Entertainment Group (DirecTV) and Dish

¹⁴ See COMCAST-PSI-00012184 – 187; COMCAST-PSI-00012254.

¹⁵ COMCAST-PSI-00012940;TWC-00017497; CHTR-MVPD-PSI-00014723. Comcast’s current NPS score is positive. Letter from Reginald J. Brown, Counsel for Comcast, to Chairman Portman and Ranking Member McCaskill (June 18, 2016).

¹⁶ Email from Sarah Leggin, Counsel for Dish, to Subcommittee (June 7, 2016) (“CSC Financial Review – December 2015”, at slide 8; “8AM Executive Staff - Operations WE 12.25.15”, at slide 3).

¹⁷ DTV-PSI-0094546.

¹⁸ DTV-PSI-0094547. DirecTV’s current overall NPS score is positive. DTV-PSI-0094680.

¹⁹ Letter from Michael D. Bopp, Counsel for Time Warner Cable, to Chairman Portman and Ranking Member McCaskill (June 15, 2016).

²⁰ Letter from Brian A. Benczkowski, Counsel for Charter, to Chairman Portman and Ranking Member McCaskill (Nov. 5, 2015); Letter from Reginald J. Brown, Counsel for Comcast, to Chairman Portman and Ranking Member McCaskill (Feb. 23, 2016).

Network Corporation (Dish). During the course of the investigation, Charter acquired Time Warner Cable, but the two entities will be treated separately for this report.²¹ AT&T, which operates a video provider known as AT&T U-verse, acquired DirecTV during the investigation.

As part of its 13-month investigation, the Subcommittee received information and documents from Comcast, Time Warner Cable, Charter, DirecTV, and Dish. The Subcommittee reviewed documents regarding past and current policies related to customer service, price and fee increases, disclosures provided to consumers, retention and downgrade call handling, as well as data related to price increases, customer service spending, the margins made on fees, customer complaints, churn, and satisfaction. Many of the documents provided by the cable and satellite companies that described customer complaints and dissatisfaction were generated by these companies in an effort to improve customer service. Ultimately, the Subcommittee received more than 93,000 documents and conducted dozens of follow-up interviews to better understand the documents provided.

The Subcommittee interviewed cable and satellite providers regarding customer complaints, policies related to call handling of customer service requests and requests to disconnect or downgrade service, the establishment and underlying cost basis of fees added to customer accounts, company policies for disclosing price increases and promotional price roll-offs to customers, and the extent to which companies provide refunds to customers they have overcharged or who have a credit on their account when they terminate their service. The Subcommittee also interviewed customer service and retention representatives from the companies to gain an understanding of how customer service agents apply policies that govern their interactions with customers. Additionally, the Subcommittee interviewed local and federal regulators that interact with cable companies, as well as consumer advocacy groups and groups that conduct consumer research, including the Federal Trade Commission (FTC) and the Federal Communications Commission (FCC), as well as the National Association of Telecommunications Officers and Advisors, and local regulatory officials from across the country. Finally, the Subcommittee also interviewed consumer advocates and researchers about the cable and satellite industry.

TRANSPARENCY AND BILLING PRACTICES

Many cable and satellite customers are frustrated by the cost and complexity of their bills. This section reviews the four most frequent areas of complaint related to billing for new and current subscribers: (1) the initial pricing, (2) expiring promotions, (3) additional fees and charges, and (4) price increases. This section also reviews adequacy of the cable and satellite providers' efforts to explain their billing practices to customers.

²¹ Sarah Rabil & Joe Flint, *Charter Communications Completes Acquisition of Time Warner Cable*, WALL ST. J. (May 25, 2015) (online at <http://www.wsj.com/articles/charter-communications-nearing-deal-for-time-warner-cable-1432569555>).

Promotional Pricing

One common complaint leveled against cable and satellite providers was that they did not adequately disclose the price of their service in advertising or at the point of sale. For example, in 2014, 23% of DirecTV subscribers who responded to a survey reported that they felt misled during the sign-up process.²² Of the customers who felt they had been misled, 37% of complaining customers felt that DirecTV customer service representatives misled them during their sign-up phone call.²³ Similarly, in 2012 and 2013, as part of an effort to improve its customer service, Comcast reviewed data concerning “escalated complaints” — complaints that had been elevated beyond the customer service representatives and supervisors related to billing errors — and found that, in 10% of such complaints, customers reported they had been quoted the wrong price at the time of sale.²⁴ During the limited periods surveyed in 2012 and 2013, as many as 30% of the customers whose complaints related to billing errors were escalated stated that a Comcast representative had quoted the wrong price.²⁵

Adding to this frustration and confusion, cable and satellite companies did not always immediately inform customers about the lowest price option available to customers.²⁶ For example, customer service representatives at DirecTV were told to only offer the lowest price option “if [they] will lose the sale,” as this package was only used as an option for customers who were considering cancelling service.²⁷ Similarly, customer service representatives at DirecTV, Time Warner Cable, Comcast, and Charter were instructed to first attempt to sell customers higher priced packages before moving to less expensive options based on the customers’ reactions.²⁸ In some cases, the lowest price option was difficult for new customers to obtain. For example, Charter did not offer a basic package at all on its website, and customers clicking to see the available video packages on Comcast’s website were not shown the lowest priced options unless they click to see additional offers beyond

²² DTV-PSI-0037314 – 315. Survey respondents could select several options related to what they felt was misleading. *Id.*

²³ *Id.* DirecTV also conducted a survey of its own service technicians about the most frustrating aspects of DirecTV for the customer, “since no one knows [the customer] better than [they do].” Of the responses that identified problems with the call center experience (which comprised 24% of all responses), the most commonly cited issue was that the call center had provided “misinformation/miscommunications on Sales Call.” DTV-PSI-0051926, at slides 2, 14, and 16.

²⁴ COMCAST-PSI-00013400; COMCAST-PSI-00013403; COMCAST-PSI-00013213; COMCAST-PSI-00013218; COMCAST-PSI-00013223; COMCAST-PSI-00013228; COMCAST-PSI-00013232. Comcast noted that it handled one million customer calls per day and the number of complaints was a very small percentage of this total. Letter from Reginald J. Brown, Counsel for Comcast, to Chairman Portman and Ranking Member McCaskill (July 17, 2015).

²⁵ COMCAST-PSI-00013400; COMCAST-PSI-00013403; COMCAST-PSI-00013213; COMCAST-PSI-00013218; COMCAST-PSI-00013223; COMCAST-PSI-00013228; COMCAST-PSI-00013232.

²⁶ Permanent Subcommittee on Investigations, Interview of Charter Customer Service officials (May 31, 2016).

²⁷ DTV-PSI-0024300; Letter from Eleanor J. Hill, Counsel for DirecTV, to Chairman Portman and Ranking Member McCaskill (June 13, 2016).

²⁸ CHTR-MVPD-PSI-00012891; DTV-PSI-0079420; TWC-00011167; COMCAST-PSI-00011415.

those that appeared on the first screen.²⁹ Dish, on the other hand, had two levels of low pricing: one for new customers which was advertised, and one for existing customers who were having trouble affording their service.³⁰

Confusion When a Promotion Ends

As part of introductory promotions for new customers, many cable and satellite providers offered introductory rates for the first year of service, and, in some cases, then provided a higher, but still discounted, rate the second year of service.³¹ In such cases, the customer's rate increased after the first year of service and again after the second year of service.

{ [Dish] offered me a ton of discounts... Well, the discounts are over and **the bill is huge!**



For instance, in one of Charter's bundled service packages, the first year's rate was \$89.97 per month, and the second year's rate was \$109.97 per month. After that, the customer was charged \$129.97 per month. After the expiration of all discounts, the ultimate rate of the package could be up to 50% more than the initial price.³³ **See**

Figure 2.

Furthermore, customers were not always aware that the price would increase when their promotion ended or "rolled off." When promotional prices were advertised by some cable and satellite providers, they were in large eye-catching print, while the price that companies charge after the promotional price rolled off, or the "standard" price, was often only included in the fine print.³⁴ **See Figure 3.** Regardless of whether it was because the difference between the promotional and standard price was not adequately disclosed at the time of sale or

²⁹ Xfinity, Home Page (<http://www.xfinity.com/Corporate/Learn/DigitalCable/digitalcable.html>) (accessed June 3, 2016); Charter, Home Page (<https://www.charter.com/browse/content/tv>) (accessed June 3, 2016). Charter insisted that this lowest price offering was not available on its webpage because it did not provide the same value as its other packages because many of the included channels could be accessed without cable service through an antenna. Permanent Subcommittee on Investigations, Interview of Charter Customer Service officials (May 31, 2016).

³⁰ Permanent Subcommittee on Investigations, Call with Jeff Blum, Counsel for Dish Network (June 15, 2016).

³¹ The second-year rate, while still an increase over the first year, was lower than the full retail rate.

³² Consumer complaint (June 12, 2016) (online at https://www.consumeraffairs.com/cable_tv/dish_network.html) (accessed June 20, 2016). This complaint, like others provided, is an example of one customer's experience, and is not intended to be representative of all customers.

³³ CHTR-MVPD-PSI-00000770.

³⁴ See, e.g., *Comcast Current Offers* (www.xfinity.com/Corporate/Learn/DigitalCable/digitalcable.html) (accessed May 10, 2016).

whether it was not prominently displayed in the advertising for the price promotion, the result was that some consumers were often surprised and angry when they later learned that their programming package price had increased after the first or second year.³⁵

FIGURE 2: PRICE INCREASES FOR CHARTER’S BUNDLED SERVICE PACKAGES, AS OF 2014³⁶

SERVICES	RATES		
	YEAR 1	YEAR 2	STANDARD
Charter Triple Play <small>COMMUNICATIONS</small>			
TV Select + Internet + Phone	\$89.97	\$109.97	\$129.97
TV Silver + Internet + Phone	\$109.97	\$129.97	\$149.97
TV Gold + Internet + Phone	\$129.97	\$149.97	\$169.97
Charter Single Play <small>COMMUNICATIONS</small>			
TV Select	\$39.99	\$59.99	\$59.99
TV Silver	\$59.99	\$79.99	\$79.99
TV Gold	\$79.99	\$99.99	\$99.99

Cable and satellite providers were aware that customers become frustrated when their promotional price or offer ended.³⁷ Internal analysis by Comcast, Time Warner Cable, and DirecTV all noted that promotional roll offs led to drops in customer satisfaction and commitment.³⁸ DirecTV actually identified promotional roll offs as the period

³⁵ TWC_00001227.

³⁶ CHTR-MVPD-PSI-00000770.

in which customers were least likely to recommend DirecTV to others.³⁹ In addition, Comcast concluded that “customers are at highest risk of churn [cancellation] at the time when they are rolling off their promotional rate.”⁴⁰ Time Warner Cable referred to one period of high disconnects as a “hangover” from an aggressive promotional period that ended.⁴¹ Dish observed that the price increase after the first year of a two-year contract was the “biggest complaint customers have with the pay-tv industry.”⁴²

{ Offered a special cable pricing offer for 12 month contract—however, I have had **continual billing problems** with the pricing special...”



Cable and satellite providers provided some disclosure of promotion roll-offs prior to a bill change. Charter and Time Warner Cable placed messages in their bill before and after a promotion ended with Charter sending letter to customers whose bill would increase by more than \$20 between five and seven days before their price would increase.⁴⁴ Dish sends a message in the customer’s bill or e-bill as well as a notification on the customer’s set-top box that displays a message that the promotion is ending, while DirecTV includes a month by month count down during each month of a promotion in the customer’s bill and follows up with a “what changed” notification on the following bill.⁴⁵ Comcast disclosed the terms of promotions in its marketing materials, required its point of sale agents to disclose that the customer will be receiving a promotional rate and what the price following the end of

³⁷ CHTR-MVDP-PSI-00014780; COMCAST-PSI-00012306; COMCAST-PSI-00012178; COMCAST-PSI-00012198; TWC_00001227; DTV-PSI-0036978; DTV-PSI-0036986; DTV-PSI-0036998.

³⁸ COMCAST-PSI-00012178, COMCAST-PSI-00012198; TWC_00001227; DTV-PSI-0036978; DTV-PSI-0036986; DTV-PSI-0036998.

³⁹ DTV-PSI-0036978; DTV-PSI-0036986; DTV-PSI-0036998.

⁴⁰ COMCAST-PSI-00012306.

⁴¹ TWC_00007954; TWC_00007993.

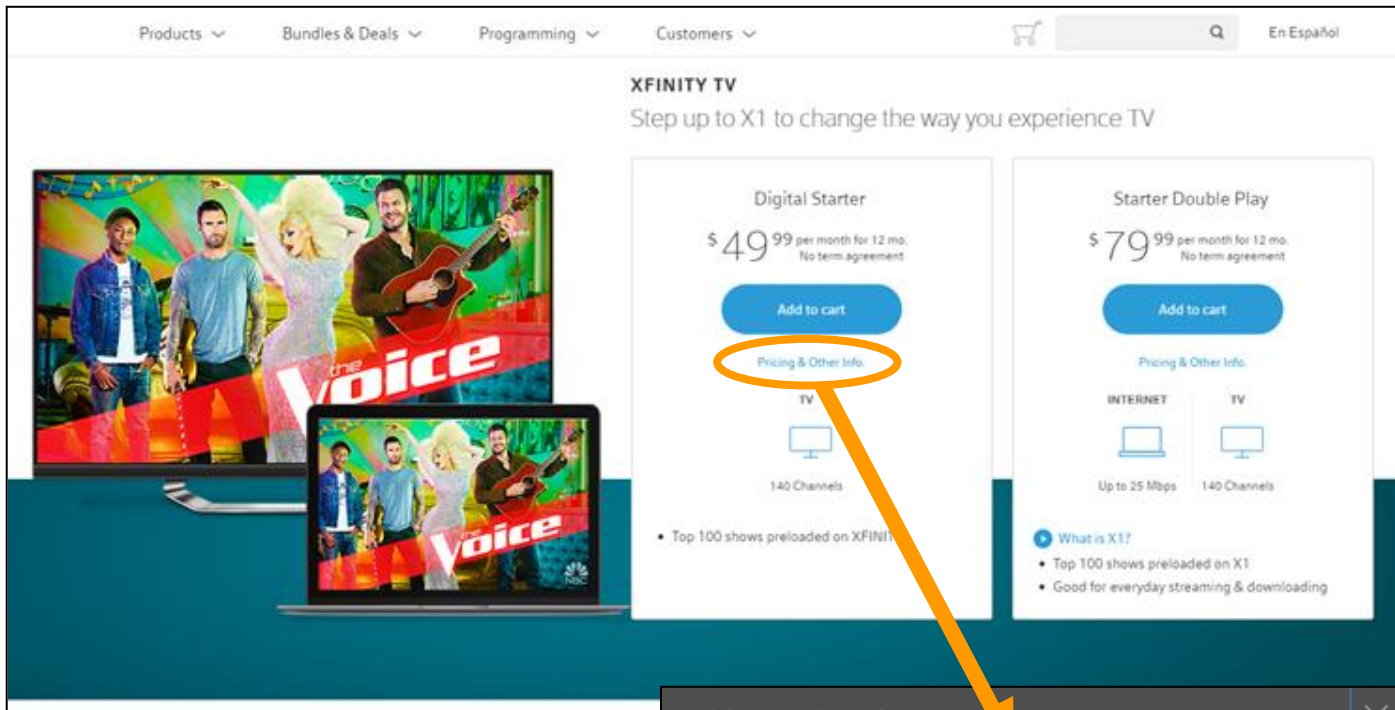
⁴² DISH-PSI2015Nov-000425722 (“Keep in in mind that the biggest complaint customers have with the pay-tv industry is that they sign a two-year agreement, but their price increases after the first year.”)..

⁴³ TWC_00017616. This complaint, like others provided, is an example of one customer’s experience, and is not intended to be representative of all customers.

⁴⁴ Letter from Michael D. Bopp, Counsel for Time Warner Cable, to Chairman Portman and Ranking Member McCaskill (May 27, 2016); Letter from Brian A. Benczkowski, Counsel for Charter, to Chairman Portman and Ranking Member McCaskill (May 17, 2016); Email from Brian A. Benczkowski, Counsel for Charter, to Subcommittee (June 20, 2016).

⁴⁵ Permanent Subcommittee on Investigations, Interview of DirecTV Customer Service officials (May 25, 2016); Senate Permanent Subcommittee on Investigations, Interview of Dish Customer Service officials (May 12, 2016).

FIGURE 3: EXAMPLE OF PROMOTIONAL PRICING ADVERTISEMENT WITH FINE PRINT⁴⁶



the promotion would be, provided the terms of the promotion in a post-order email following the sale, and noted on the customer's bill that they were on a promotion.⁴⁷

Despite being notified, customers may still have forgotten that they were receiving promotional pricing and therefore may have been surprised by price increases. Some cable and satellite providers trained their representatives to handle customers upset by the changes. As noted in Time Warner Cable's training documents, "[c]ustomers are

Pricing & Other Info.

Offer ends 6/21/16. Restrictions apply. Not available in all areas. New residential customers only. Limited to Digital Starter TV service. Equipment, installation, taxes and fees, including Broadcast TV Fee (up to \$5/mo.), Regional Sports Fee (up to \$3/mo.) and other applicable charges extra, and subject to change during and after the promo. After promo, or if any service is cancelled or downgraded, regular rates apply. Comcast's service charge for Digital Preferred TV, ranges based on area, from \$67.95/mo. to \$69.95/mo., and HBO® from \$19.00/mo. to \$21.50/mo. (subject to change). Service limited to a single outlet. May not be combined with other offers. Limited Basic Service subscription required to receive other levels of service. On Demand™ selections subject to charge indicated at the time of purchase. Not all programming available in all areas. 30-Day Money-Back Guarantee applies to one month's recurring service charge and standard installation up to \$500. Call for restrictions and complete details. ©2016 Comcast. All rights reserved. All trademarks are the property of their respective owners.

⁴⁶ Comcast Current Offers (www.xfinity.com/Corporate/Learn/DigitalCable/digitalcable.html) (accessed May 10, 2016).

⁴⁷Letter from Reginald J. Brown, Counsel for Comcast, to Chairman Portman and Ranking Member McCaskill (May 17, 2016); Letter from Reginald J. Brown, Counsel for Comcast, to Chairman Portman and Ranking Member McCaskill (June 19, 2016).

informed that this price will expire in 12 months, however, many customers are surprised by this change when it happens.”⁴⁸

I noticed ... this month my bill was high, so I looked more closely and noticed I'm being charged almost \$40 per month for NFL Sunday ticket...I haven't watched more than a day of football in my life, and I realize that this was likely an automatic renewal for something I didn't realize we were given as a promotion when we signed up. I also realize this is super typical of cable companies and customers have to be on top of making sure they cancel this stuff, but in my opinion that's really bad business. **It's a total bait and switch** and although its [sic] probably a good portion of your revenue, it's not honest...Anyway, I called in to cancel it last night and I wasn't able to. Apparently I've passed some kind of deadline where I can't remove it from my accounts, **so now I'm stuck spending over \$200 on something I don't use.**

- DIRECTV SUBSCRIBER⁴⁹

Similarly, in Dish’s training materials, they instructed customer service representatives that “[w]hen those credits roll off, customers’ bills are going to go up anywhere from \$14.99 to \$44.99, depending on their service level. Because these credits were given three months prior, customers could have forgotten that they got them and when they see a large increase in their bill, they may become escalated. This is where you come in.”⁵⁰

In addition to promotional pricing, many cable and satellite providers offered free or reduced-price premium programming—such as HBO, Showtime, and Starz—to entice new or existing customers to add services to their package. While these offers were clearly beneficial for customers, they could also cause confusion when promotional programming disappeared and frustration when some programming was automatically renewed at full price after the promotion ended.

Promotional offers could include free or reduced-price equipment, premium channels, gift cards, and other perks. For example, in 2016 both DirecTV and Dish offered premium movie channels (HBO, Showtime, Cinemax, and Starz) free for three months to new subscribers who purchased certain television packages and entered a two-year service agreement.⁵¹ Comcast offered new subscribers free Showtime for 12 months with the purchase of bundled television and internet service.⁵² Charter offered free digital video recorder (DVR) service for one year

⁴⁸ TWC_00001227.

⁴⁹ DTV-PSI-0039672. This complaint, like others provided, is an example of one customer’s experience, and is not intended to be representative of all customers. While the customer complained about his billing, he did appreciate other aspects of DirecTV service. The customer began, “I honestly do believe DirecTV has the best overall user experience for cable, it’s great I can’t complain there at all.” *Id.*

⁵⁰ DISH-PSI2015Nov-000410717 – 718 (emphasis added).

⁵¹ *DirecTV Shopping Cart* (<https://www.directv.com/DTVAPP/pepod/configure.jsp#package-section>) (accessed June 13, 2016); *Dish TV Packages in your Area* (<https://www.infinitydish.com/dish-tv-packages>) (accessed June 13, 2016).

⁵² Xfinity Home Page (<http://www.xfinity.com/Corporate/Learn/DigitalCable/digitalcable.html>) (accessed June 3, 2016).

with the purchase of a bundle.⁵³ Time Warner Cable offered free HBO, Starz, and Showtime for 12 months with a qualifying bundle.⁵⁴ The practice of using introductory offers was so common that some companies provided customer service agents a list of different introductory offers to offer customers, based on the type of service that they were purchasing.⁵⁵ See Figure 4.⁵⁶

The advertisement features a large red circular badge on the left with the DISH logo at the top, followed by "2-YEAR TV PRICE" and "GUARANTEE" in bold white text. Below this, the price "\$49.99/mo" is displayed in large white font, with "Plus taxes" in smaller text underneath. To the right of the badge, the text "190+ Channels" is shown next to a "See Channels" button. Below this, three "FREE" offers are listed: "Over 50 premium channels for 3 months*", "HD, local channels, regional sports, ESPN", and "Standard professional installation". A link "See for yourself! DISH vs. the Competition" is provided. In the top right corner, a smaller circular badge offers to "Add a Hopper Smart DVR for only \$10/mo more". At the bottom, fine print states: "Requires credit qualification, 24-month commitment with early termination fee and eFulfillment. *After 3 mos., you will be billed \$90/mo. for HBO, Cinemax, Showtime, Starz and DISH Movie Pack unless you call to cancel."

FIGURE 4: DISH PROMOTIONAL PACKAGE WITH ROLL TO PAY PREMIUMS

While some offers disappeared from a customer’s bill once a promotion ended, others required customers to call their cable or satellite provider to cancel the service or be charged for subsequent months after the promotion ended.⁵⁷ The practice of requiring customers to affirmatively cancel a previously free service is known as “roll-to-pay” pricing.⁵⁸ Dish reserved “roll-to-drop” promotions – promotions that simply disappeared from the customer’s account - for upset or at-risk customers directed to customer service agents in the company’s

⁵³ Charter Home Page (<https://www.charter.com/browse/content/charter-home>) (accessed June 6, 2016).

⁵⁴ Time Warner Cable, TV, Internet, & Phone Plans (<https://www.timewarnercable.com/content/twc/en/plans-packages/cable-internet.html/>) (accessed June 13, 2016).

⁵⁵ DISH-PSI2015Nov-000400880.

⁵⁶ Dish Home Page (<http://www.dish.com/>) (accessed June 21, 2016).

⁵⁷ Permanent Subcommittee on Investigations, Interview of Dish Customer Service officials (May 12, 2016); DTV-PSI-0036146; DISH-PSI2015NOV-000489029; DTV-PSI-0045764; Internal Subcommittee Analysis (“TWC RTP offer 1”, “Charter RTP1”, “Charter RTP 2”, and “Comcast RTP1,2”); DTV-PSI-0032243.

⁵⁸ DISH-PSI2015Nov-000415374.

“Loyalty” division.⁵⁹ Additionally, some contracts between premium programming companies and cable and satellite providers required that roll to pay pricing for their programming be offered as part of a promotion. If a cable or satellite provider did not adopt roll to pay pricing for that programming, they could face paying higher prices.⁶⁰

Some cable and satellite providers were aware of the confusion that the auto renewal of introductory offers created. For example, DirecTV identified the auto-renewal of NFL Sunday Ticket as a major contributor to increased calls in 2013 from customers who did not cancel in time to receive a refund on the expensive package of out-of-market National Football League games.⁶¹ Perhaps in response to this, in 2013, DirecTV employees recommended that DirecTV provide customers with an online option to cancel NFL Sunday Ticket.⁶² DirecTV now provides customers with more notice and additional time to cancel the service, and DirecTV assured the Subcommittee that customers are able to cancel this service online and through the interactive voice recording system.⁶³ Similarly, promotional roll offs were among Charter’s top escalated complaints in 2015 and 2016. Although Charter had taken steps to address lack of customer awareness regarding expiring promotional pricing, it continued to identify instances where customers were not provided advance notice of promotional roll offs in 2016.⁶⁴

Additional Charges and Fees

The prices advertised by many cable and satellite providers rarely include all charges, taxes, and fees, which can lead to frustration and confusion when customers receive their bill. When customers are finished ordering their cable or satellite service, depending on the number of televisions that they want connected to the service, the fees can make up over 40% of their bill before taxes.⁶⁵ Even adding one additional fee can grow a customer’s bill substantially.⁶⁶

⁵⁹ Dish’s internal documents note that roll-to-drop offers can only be made by agents interacting with customers who are upset or at risk of leaving Dish. DISH-PSI2015Nov-000415374.

⁶⁰ Senate Permanent Subcommittee on Investigations, Interview of Dish Customer Service officials (May 12, 2016).

⁶¹ DTV-PSI-0036687.

⁶² DTV-PSI-0037036.

⁶³ Additionally, DirecTV now cancels the auto renewal for customers who do not watch NFL Sunday ticket during the season during which they received it for free. Senate Permanent Subcommittee on Investigations, Interview of DirecTV Customer Service officials (May 25, 2016); Email from William Clarkson, Counsel for DirecTV, to Subcommittee (June 20, 2016) (“DTV-PSI Minority Report Response Submission”); DTV-PSI-0094617 621.

⁶⁴ CHTR-MVPD-PSI-00014755, at slide 6; CHTR-MVPD-PSI-00014779, at slide 2; CHTR-MVPD-PSI-00014785, at slide 2; CHTR-MVPD-PSI-00014831, at slide 8.

⁶⁵ For a Comcast customer signing up for the \$49.99 Digital Starter promotional package with two televisions with DVR and optional protection plan, fees would total over \$36 (\$3.95 for the protection plan, \$9.95 for their DVR service, \$9.95 for HD Service, \$9.95 for an

Fees could include recurring charges for items such as programming, equipment, and high definition (HD) video. Others were one-time fees, such as an installation or a repair-of-service fee. Cable and satellite companies also included taxes and government-mandated surcharges.⁶⁷ Because these fees were so numerous and were often not included in promotional and advertising material,⁶⁸ they could lead to confusion among consumers who did not understand the purpose of the fees they saw on their bill.

The Subcommittee reviewed how cable and satellite providers set the price of fees and found that they generally used one of three approaches, depending on the type of fee:

Pass-through fees. These fees are designed to recover the costs that a company incurs for a certain expense, such as annual regulatory fees the FCC charges. Cable and satellite providers passed those costs onto the customer via the fee on a monthly basis.

Revenue-generating fees and services. Other types of fees are set according to the company's overall revenue goals, taking into account what the market will bear, and sometimes considering cost, while also focusing on the customer's willingness to pay for a certain service or piece of equipment.⁶⁹

Programming fees. The third method for pricing fees is to break out programming costs previously incorporated in the overall package price and itemize those costs. While these fees are intended to recoup the rising cost of programming, cable and satellite providers did not price the fees for full cost recovery.⁷⁰ Instead these fees allowed cable and satellite providers to recuperate some programming costs outside of the overall package price.

additional HD set top box, \$1.00 for the RSN fee, and \$1.50 in the Broadcast TV surcharge). *See* Xfinity Home Page (<http://www.xfinity.com/Corporate/Learn/DigitalCable/digitalcable.html>) (accessed June 20, 2016); COMCAST-PSI-00011050 –056.

⁶⁶ For example, if a customer subscribing to Comcast's Digital Premier Service added one HD DVR to the package, over 20% of the resulting \$79.94 monthly recurring bill would be fees related to that equipment and service. Xfinity Home Page (<http://www.xfinity.com/Corporate/Learn/DigitalCable/digitalcable.html>) (accessed June 3, 2016). Subcommittee staff created this package online, resulting in a total monthly price comprised of the following—package price (\$59.99 per month); HD DVR fee (\$10.00 per month); HD technology fee (\$9.95 per month)—for an estimated monthly total of \$79.94. Screenshot of Digital Premier TV package with upgraded HD DVR fee cart (June 20, 2016)..

⁶⁷ Cable and satellite providers all charge customers a set of legally required state and local taxes as well as other fees, such as franchise fees and regulatory fees. These fees and taxes make up a small portion of every customer's bill and vary state by state. Email from Sarah Leggin, Counsel for Dish, to Subcommittee (June 7, 2016) ("Taxes_MyDish_Dish Customer support"); COMCAST-PSI-00011050 – 051.

⁶⁸ *See, e.g.* DISH-PSI2015NOV-000509814 ("Monthly fees apply: Hopper, \$15; Joey, \$7; Super Joey, \$10. All prices, fees, charges, packages, programming, version features, functionality and offers subject to change without notice."); DTV-PSI-0078142, at slide 9.

⁶⁹ Permanent Subcommittee on Investigations, Interview of Charter Customer Service officials (May 31, 2016); Permanent Subcommittee on Investigations, Interview of Comcast Customer Service officials (June 3, 2016); Permanent Subcommittee on Investigations, Interview of DirecTV Customer Service officials (June 13, 2016); Permanent Subcommittee on Investigations, Interview of Dish Customer Service officials (June 9, 2016); Permanent Subcommittee on Investigations, Interview of Time Warner Cable Customer Service officials (May 11, 2016).

⁷⁰ TWC_00017723; COMCAST-PSI-00013776; CHTR-MVDP-PSI-00040002; DTV-PSI-0094018.

Despite the differences in pricing, all fees and charges have the potential to cause confusion about what a customer will pay each month.

Pass-Through Fees: Cable and satellite providers charged customers certain fees solely as a means of cost recovery. To price these fees, cable and satellite companies estimated the marginal cost of the fee to the company and then passed it on to customers by dividing it by the number of their subscribers. Regulatory fees are a classic example of a pass-through fee. Cable and satellite providers charged regulatory fees to customers in order to recover the cost of fees imposed on the providers by local, state, or federal regulatory authorities.⁷¹ Regulatory fees can include franchise fees assessed by local franchise authorities, utility fees assessed by the state, and annual fees collected by the FCC. Providers could characterize state and local taxes as regulatory fees. These fees appeared on a customer's bill on a monthly basis. Four of the five cable and satellite providers reviewed by the Subcommittee set the price of their regulatory fees in order to pass through the company's marginal cost to the customer, meaning that no part of the regulatory fees they charged generated profit for the company.⁷² DirecTV only passes along taxes to the customer.⁷³

Revenue-Generating Fees and Services: The price of most fees was determined according to annual revenue goals set by each cable or satellite provider and what the market would bear.⁷⁴ This price structure may take cost into account, but cable and satellite providers focused on supply and demand, pricing, offerings of competitors, and revenue goals.⁷⁵ As these fees were not pegged to the actual cost of the equipment or service they represented, cable and satellite providers had the flexibility to increase or decrease the fees as they chose.

⁷¹ DISH-PSI0006590; COMCAST-PSI-00011050 – 051.

⁷² DISH-PSI0006590; COMCAST-PSI-00011050 – 051. Permanent Subcommittee on Investigations, Interview of Charter Customer Service officials (May 31, 2016); Permanent Subcommittee on Investigations, Interview of Comcast Customer Service officials (June 3, 2016); Permanent Subcommittee on Investigations, Interview of Dish Customer Service officials (June 9, 2016); Permanent Subcommittee on Investigations, Interview of Time Warner Cable Customer Service officials (May 11, 2016).

⁷³ Email from William Clarkson, Counsel for DirecTV, to Subcommittee (June 20, 2016) (“DTV-PSI Minority Report Response Submission”).

⁷⁴ Permanent Subcommittee on Investigations, Interview of Charter Customer Service officials (May 31, 2016); Permanent Subcommittee on Investigations, Interview of Comcast Customer Service officials (June 3, 2016); Permanent Subcommittee on Investigations, Interview of DirecTV Customer Service officials (June 13, 2016); Permanent Subcommittee on Investigations, Interview of Dish Customer Service officials (June 9, 2016); Permanent Subcommittee on Investigations, Interview of Time Warner Cable Customer Service officials (May 11, 2016).

⁷⁵ Permanent Subcommittee on Investigations, Interview of Charter Customer Service officials (May 31, 2016); Permanent Subcommittee on Investigations, Interview of Comcast Customer Service officials (June 3, 2016); Permanent Subcommittee on Investigations, Interview of DirecTV Customer Service officials (June 13, 2016); Permanent Subcommittee on Investigations, Interview of Dish Customer Service officials (June 9, 2016); Permanent Subcommittee on Investigations, Interview of Time Warner Cable Customer Service officials (May 11, 2016).

Cable and satellite providers price a number of fees this way, including recurring fees for equipment and services, as well as one-time fees for services like cable installation.

Equipment and Equipment Service Fees: Cable and satellite companies levied recurring monthly rental charges for set-top boxes, digital converters, access to HD channels, DVRs, and adaptors, among other types of equipment required for service.⁷⁶ **See Figure 5**⁷⁷

To access HD channels and DVR functions, some cable and satellite providers charged service fees in addition to both the HD and/or DVR compatible receiver. All cable and satellite providers reviewed by the subcommittee charged DVR service fees.⁷⁸ Additionally, Dish, Comcast, and DirecTV charged an HD fee, which averaged around \$10.⁷⁹ For some providers the HD fee, which is disconnected from the cost of providing HD programming, was often only charged to customers who did not ask to have the fee removed. Dish agents are trained to immediately waive the HD fee for customers who complain about it.⁸⁰

⁷⁶ For example, other charges for Comcast can include fees for: HD Technology, Digital Additional Outlet Service, Digital Additional Outlet Service with DVR Service, Digital Additional Outlet Service with AnyRoom DVR Service, Digital Adapter Additional Outlet Service, and the Service Protection Plan. COMCAST-PSI-00011052; *Dish: Fees* (<https://www.mydish.com/support/fees>) (accessed June 2, 2016).






⁷⁷ DTV-PSI-0093564; COMCAST-PSI-00011053; TWC_00017719; Permanent Subcommittee on Investigations, Interview of Dish Customer Service officials (May 12, 2016); Email from Sarah Leggin, Counsel for Dish, to Subcommittee (June 7, 2016) (“Request 16 – Fee List – FINAL”); CHTR-MVPD-PSI-00039998.

⁷⁸ DTV-PSI-0093564; CHTR-MVPD-PSI-00039998; COMCAST-PSI-00011053; TWC_00017714; Email from Sarah Leggin, Counsel for Dish, to Subcommittee (June 7, 2016) (“Dish Network “Request-16-Feeslist-Final”).

⁷⁹ Permanent Subcommittee on Investigations, Interview of Dish Customer Service officials (May 12, 2016); Permanent Subcommittee on Investigations, Interview of Comcast Customer Service officials (June 3, 2016). DirecTV customer service agents were trained to give credits to offset the HD fee before 2012. DTV-PSI-0057880, at slide 5. Cable and satellite companies with HD fees: Dish, Comcast, DirecTV.

⁸⁰ Permanent Subcommittee on Investigations, Interview of Dish Customer Service officials (May 12, 2016); DISH-PSI2015Nov-000458085.

FIGURE 5: HD, DVR, AND ARS FEES IN 2015⁸¹

TV PROVIDERS	DVR	HD	ARS
CABLE COMPANIES			
 COMCAST	19.95 ⁸²	\$9.95 – 10	■
 Time Warner Cable®	\$12.99	■	■
 Charter COMMUNICATIONS	\$11.99	■	■
SATELLITE COMPANIES			
 DIRECTV	\$10	\$10	\$15 – 25
 dish NETWORK	\$10	\$10 ⁸³	■
Note: These fees do not include rental fees for equipment			

In 2012, DirecTV, noting that that it had sometimes provided “perpetual HD credits” to customers upset by the HD fee, determined it could increase revenue by consolidating equipment service fees.⁸⁴ For new customers,

⁸¹ DTV-PSI-0093564; COMCAST-PSI-00011053; TWC_00017719; Permanent Subcommittee on Investigations, Interview of Dish Customer Service officials (May 12, 2016); Email from Sarah Leggin, Counsel for Dish, to Subcommittee (June 7, 2016) (“Request 16 – Fee List – FINAL”); CHTR-MVPD-PSI-00039998.

⁸² Comcast customers with DVR service do not pay a separate charge for HD service as it is included in their \$19.95 DVR service fee. Permanent Subcommittee on Investigations, Interview of Counsel for Comcast (June 22, 2016).

⁸³ Dish stopped charging new customers HD fees in July of 2015, but continued to charge existing customers this fee. Permanent Subcommittee on Investigations, Interview of Counsel for Dish (June 22, 2016).

⁸⁴ DTV-PSI-0057880, at slide 5; DTV-PSI-0056483, at slide 2.

DirecTV consolidated the HD and DVR fees into a single charge for “Advanced Receiver Service” (ARS), introducing it at \$20.⁸⁵ In 2013 the fee was increased to \$25.⁸⁶ Today new customers are charged \$15 for the ARS fee while existing customers whose accounts were created between February 9, 2012 and July 23, 2014 are charged \$25 per month.⁸⁷ Similarly, Comcast customers paid a combined fee for DVR service.⁸⁸ Those who wished to purchase DVR service had the HD fee folded in to their combined fee price of \$19.95.⁸⁹ While this fee was combined, it could appear separately as HD and DVR service on a customer’s bill or jointly as the HDDVR service, depending on the geographic area. While Comcast subscribers could not have DVR service without HD service, they could have HD service on its own.⁹⁰ By comparison, in 2015, for services similar to those covered under DirecTV’s ARS fee, Time Warner Cable customers paid \$12.99 for DVR service, Charter customers paid \$11.99 in DVR service for one box or 19.99 for up to four boxes, and Dish customers paid \$10 or \$15 for DVR service depending on the type of DVR they had, with some Dish customers still also paying the additional \$10 HD fee.⁹¹

Installation Fees: Most cable and satellite television companies charged fees related to the installation of services for new customers.⁹² Like DVR and equipment fees, installation and activation fees were not always pinned to a single cost or set of costs but were instead considered in the larger picture of overall revenue production and customer willingness to pay.

These fees varied between cable and satellite providers but could also vary depending on a customer’s credit. For example, DirecTV customers with lower credit ratings may have been required to pay a fee at the time of installation, sometimes totaling \$300, even when advertisements claimed a “Free DirecTV System.”⁹³ This fee, however, was not presented to them as a fee based on their credit but as an opportunity because they “qualified” for an offer.⁹⁴ Similarly, Dish customers who chose not to qualify with a credit card may have been charged a one-

⁸⁵ DTV-PSI-0057880, at slide 5; DTV-PSI-0056350, at slide 2; Email from William Clarkson, Counsel for DirecTV, to Subcommittee (June 20, 2016) (“DTV-PSI Minority Report Response Submission”).

⁸⁶ DTV-PSI-0094679.

⁸⁷ DirecTV, *Is there a Fee for DVR and HD Services* (https://support.directv.com/app/answers/detail/a_id/3267/) (accessed June 20, 2016).

⁸⁸ Permanent Subcommittee on Investigations, Interview of Counsel for Comcast (June 22, 2016).

⁸⁹ *Id.*

⁹⁰ *Id.*

⁹¹ CHTR-MVPD-PSI-00039998; COMCAST-PSI-00011053; TWC_00017719; Email from Sarah Leggin, Counsel for Dish, to Subcommittee (June 7, 2016) (“Request 16 – Fee List – FINAL”).

⁹² CHTR-MVPD-PSI-00040000; Dish, *Fees* (<https://www.mydish.com/support/fees>) (accessed June 2, 2016); Comcast 2016 Washington, D.C. Services and Pricing Bill Insert.

⁹³ DTV-PSI-0050414; DTV-PSI-0050416; DTV-PSI-0050424.

⁹⁴ DTV-PSI-0050422; DTV-PSI-0050424.

time fee of \$100.⁹⁵ While some satellite providers like DirecTV sometimes allowed customers to receive monthly credits to recuperate the cost of these fees, these payments were in \$5 increments and could take up to five years to reimburse.⁹⁶ Other credit-based fees, like DirecTV's \$99 up-front credit-based fee, were non-refundable.⁹⁷

In addition to installation fees, Dish also charged new customers a separate "activation fee," for "non-qualifying" customers based on their credit rating designed to recover the cost of onboarding a new customer.⁹⁸ In the case of Charter, these activation and installation fees could be confusing to customers because their description was sometimes included in the fine print of their agreement.⁹⁹

Protection Plans: Almost all cable and satellite television providers had a "protection plan" or service plan, which were fees assessed for an optional service that customers could purchase.¹⁰⁰ Protection plans were similar to insurance in that they covered certain repair charges that occurred in the event of service or equipment failure. For example, if a Comcast customer without a Comcast Service Protection Plan needed an in-home service call, the customer would have been charged \$37.15 for a service call, or "truck roll," to fix the issue.¹⁰¹ If the customer had the protection plan, the customer would have been charged nothing for the service call, but would have been paying the \$5.95 monthly protection fee.¹⁰²

Many customers may not need their protection plans. After a television provider set up service in a customer's household, the company typically made few additional service calls.¹⁰³ In fact, for some television providers, only a small percentage of customers ever needed service calls.¹⁰⁴

Protection plans were so valuable to Dish that it instructed its agents not to remove them when trying to accommodate customer requests' to lower the monthly bill.¹⁰⁵ DirecTV customer service agents were instructed

⁹⁵ DISH-PSI2015Nov-000400878.

⁹⁶ DTV-PSI-0031234.

⁹⁷ DTV-PSI-0031238.

⁹⁸ DISH-PSI2015Nov-000414418; Permanent Subcommittee on Investigations, Interview of Counsel for Dish (June 22, 2016).

⁹⁹ CHTR-MVPD-PSI-00000301.

¹⁰⁰ Dish, DirecTV, Comcast, Time Warner Cable, and Charter all had some form of this optional service. Charter and Comcast's plans specifically covered problems associated with a subscriber's home wiring.

¹⁰¹ Comcast 2016 Washington, D.C. Services and Pricing Bill Insert.

¹⁰² *Id.*

¹⁰³ Senate Permanent Subcommittee on Investigations, Interview of Dish Customer Service officials (May 12, 2016).

¹⁰⁴ *Id.*

that the protection plan must be offered with every sale.¹⁰⁶ Dish, on the other hand, offered their protection plan as a free or reduced-price promotion that would “roll-to-pay” if the customer failed to cancel before their promotion ended.¹⁰⁷

Programming Fees: Programming fees were charged by four of the five cable and satellite providers reviewed by the Subcommittee. Historically, the costs of programming were included in the price of a customer’s package. Over the past five years, however, cable and satellite providers began creating new line items on their bill for broadcast and sports programming in order to charge customers for it in a way that did not affect the base price of their programming packages.¹⁰⁸ Programming fees did not recover the entire cost of the programming provided but attempted to recover a portion of increased programming costs.¹⁰⁹

Charter, Comcast, and Time Warner Cable charged a “Broadcast TV Surcharge” or similar broadcast retransmission fee, and Comcast, Time Warner Cable, and DirecTV charged a “Regional Sports Network” (RSN) fee.¹¹⁰ The broadcast retransmission fee and RSN fee may have appeared to be cost pass-throughs, but they were not. They were a portion of programming costs that providers chose to characterize as fees. Broadcast retransmission fees reflected the cost to the cable company of carrying local broadcasters such as ABC, CBS, and NBC.¹¹¹ RSN fees applied to customers with packages that included regional sports networks such as Fox Sports Midwest and Sports Time Ohio.¹¹²

Cable and satellite providers began implementing these fees around 2012, starting them out at relatively low rates such as \$1.35 (Charter) per month for a broadcast retransmission fee or \$3.00 (DirecTV) for a RSN fee.¹¹³

¹⁰⁵ Email from Sarah Leggin, Counsel for Dish, to Subcommittee (June 7, 2016) (“Request 16 – Fee List – FINAL”); DISH-PSI-000401563.

¹⁰⁶ DTV-PSI-0024510.

¹⁰⁷ DISH-PSI2015Nov- 000399641.

¹⁰⁸ COMCAST-PSI-00013679; Subcommittee on Investigations, Interview of Charter Customer Service officials (May 31, 2016). One of the reasons that DirecTV did not include their RSN fee in their package price is that it would have made it more difficult to vary the fee geographically. Permanent Subcommittee on Investigations, Interview of DirecTV Customer Service officials (June 13, 2016).

¹⁰⁹ CHTR-MVPD-PSI-00040002; DTV-PSI-0094018; Comcast-PSI-0013776; TWC_00017723.

¹¹⁰ CHTR-MVPD-PSI-00040002; COMCAST-PSI-00011052; COMCAST-PSI-00011053; TWC_00010953; DTV-PSI-0093564.

¹¹¹ Charter, *My Account* (<http://www.charter.net/support/my-account/broadcast-tv-surcharge/>) (accessed June 20, 2016).

¹¹² DirecTV, *Local Regional Sports Network Information* (http://www.directv.com/DTVAPP/global/functionalPageIF.jsp?assetId=cms_sports_lookup) (accessed June 20, 2016).

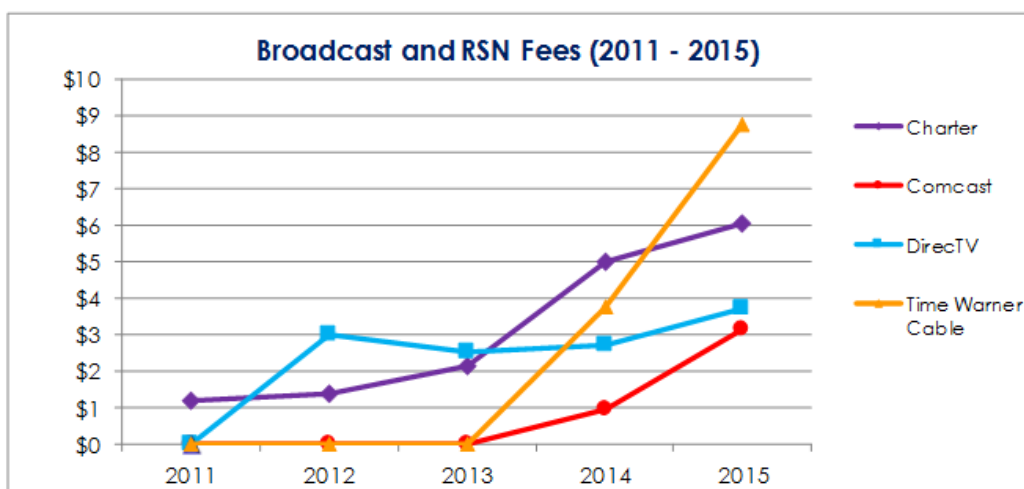
¹¹³ CHTR-MVPD-PSI-00040002; DTV-PSI-0093564.

Today some of these fees have increased substantially, with broadcast retransmission fees costing as much as \$6.05 (Charter) and RSN fees as high as \$5.64(DirecTV).¹¹⁴ See Figure 6.¹¹⁵

This chart reflects the total of any RSN fee and any Broadcast TV Fee (or “retransmission fee”) imposed by each provider from 2011 to 2015. Not all providers charged both fees. Dish did not charge either a RSN fee or a broadcast fee from 2011 to 2015. The Subcommittee requested that each company provide the amount charged for each fee during the years in question. In cases where the company provided a range (e.g. Comcast’s Broadcast fee in 2014 ranged from \$0.40 - \$1.50) the chart reflects the midpoint of that range (\$0.95 for Comcast in 2014).

RSN and broadcast retransmission fees are particularly irksome to customers because they are often unavoidable. When cable and satellite providers charge broadcast retransmission fees, these fees are charged to all customers in all packages.¹¹⁶ RSN fees on the other hand, can vary from region to region because not every geographic

FIGURE 6: INCREASING RSN AND BROADCAST FEES



market has an RSN, and DirecTV allowed customers to avoid RSN fees by choosing non-sports packages.¹¹⁷ However, if customers with Comcast, DirecTV, or Time Warner Cable lived in a region where their provider carried

¹¹⁴ CHTR-MVPD-PSI-00040002; DTV-PSI-0093564.

¹¹⁵ CHTR-MVPD-PSI-0040002; DTV-PSI-0093564; COMCAST-PSI-00011052 – 053; Letter from Michael D. Bopp, Counsel for Time Warner Cable, to Chairman Portman and Ranking Member McCaskill, attachment (June 7, 2016).

¹¹⁶ Permanent Subcommittee on Investigations, Interview of Comcast Customer Service officials (June 3, 2016); TWC_00000673; Charter, *My Account – Broadcast TV Surcharge* (<http://www.charter.net/support/my-account/broadcast-tv-surcharge/>) (accessed June 20, 2016); Permanent Subcommittee on Investigations, Interview of Charter Customer Service officials (May 31, 2016).

¹¹⁷ Some standard packages were not charged RSN fees, and some customers may have chosen to downgrade to packages that did not include sports programming. DTV-PSI-0056052, at slide 2. DirecTV offers four different base packages that are not subject to RSN fees.

a regional sports network, they likely paid an RSN fee because RSN fees apply to the majority of popular service plans.¹¹⁸

Most cable and satellite providers justified these fees by pointing to the increasing costs they faced for carrying broadcast and live sports programming.¹¹⁹ By creating new, separate line items, they claimed to “more accurately communicate the escalating fees” that cable and satellite providers paid for sports and local programming in a way that did not impact the price that they advertised for cable service.¹²⁰ Multiple consumer advocacy groups and local regulators raised concerns about cable and satellite providers’ practice of adding fees for programming already included in the package, with one stating that if the fee was unavoidable, it should have been rolled into the package price.¹²¹ **See Figure 7.**

¹¹⁷ Some standard packages were not charged RSN fees, and some customers may have chosen to downgrade to packages that did not include sports programming. DTV-PSI-0056052, at slide 2. DirecTV offers four different base packages that are not subject to RSN fees. Email from William Clarkson, Counsel for DirecTV, to Subcommittee (June 20, 2016) (“DTV-PSI Minority Report Response Submission”); Permanent Subcommittee on Investigations, Interview of Comcast Customer Service officials (June 3, 2016).






¹¹⁸ DTV-PSI-0056052, at slide 2; TWC_00010793; COMCAST-PSI-00013679.

¹¹⁹ Senate Permanent Subcommittee on Investigations, Interview of DirecTV Customer Service officials (June 13, 2016); Senate Permanent Subcommittee on Investigations, Interview of Time Warner Cable Customer Service officials (May 11, 2016).

¹²⁰ It is worth noting that the prices cable and satellite providers paid for other types of programming increased as well, but television providers did not create separate charges for those networks, as of yet. TWC_00010793; DTV-PSI-0083103, at slide 7; DISH-PSI0005746; COMCAST-PSI-00013679 (“Comcast retransmission fees will have grown 68% from 2013 to 2014.”). ∴ Customer service representatives were instructed to use the Sports Programming Fee to call attention to the rising cost of sports programming. TWC_00000985.

¹²¹ Senate Permanent Subcommittee on Investigations, Interview of Alice Lawson (April 5, 2016); Senate Permanent Subcommittee on Investigations, Interview of Matt Wood (March 9, 2016); Senate Permanent Subcommittee on Investigations, Interview of Jodie Miller (April 7, 2016); Senate Permanent Subcommittee on Investigations, Interview of Mitsuko Herrera (April 1, 2016); Senate Permanent Subcommittee on Investigations, Interview of Coralie Wilson (April 14, 2016).

FIGURE 7: INTRODUCTION OF RSN AND BROADCAST FEES¹²²

TV PROVIDERS	2011	2012	2013	2014	2015	2016
CABLE COMPANIES						
				✓	✓ ✓	✓ ✓
				✓	✓ ✓	✓ ✓
	✓	✓	✓	✓	✓	✓
SATELLITE COMPANIES						
		✓	✓	✓	✓	✓
						
✓ = RSN FEE ✓ = RETRANSMISSION/BROADCAST FEE						

Despite arguing that these fees were for programming costs alone, some cable and satellite providers grouped both of these fees on the bill alongside taxes, fees and regulatory charges, which may have incorrectly suggested to the subscriber that the cable or satellite provider was required by the government to impose these charges.¹²³ For example, Charter grouped its “Broadcast TV Surcharge” with “Fees and charges” which included regulatory fees like the “FCC Admin Fee” and the franchise fee. Comcast did not place its broadcast TV fee and RSN fee in the

¹²² CHTR-MVPD-PSI-0040002; Letter from Brian A. Benczkowski, Counsel for Charter, to Chairman Portman and Ranking Member McCaskill (June 14, 2016); DTV-PSI-0093564; COMCAST-PSI-00011052 –053; Letter from Michael D. Bopp, Counsel for Time Warner Cable, to Chairman Portman and Ranking Member McCaskill, attachment (June 7, 2016).

¹²³ TWC_00010793; COMCAST-PSI-00013678, at slide 5; DTV-PSI-0056052, at slide 8; DTV-PSI-0002121.

taxes and fees section but rather placed them in a section called “Other Charges & Credits” which included other charges like “Regulatory Recovery Fees.” Time Warner Cable grouped its broadcast TV fee in a section called “Taxes Fees & Surcharges,” and DirecTV grouped its RSN fee in a section called “Other Charges, Adjustments, and Taxes.”¹²⁴

Price Increases

Since 2010, the price of cable and satellite service increased at four times the rate of inflation.¹²⁵ In addition to seeing the price of service increasing,¹²⁶ many customers saw their bills increase through the advent of new fees such as the broadcast TV fee and Regional Sports Network fee.¹²⁷ Aside from being frustrated by the price of their service increasing, customers felt that they were not adequately informed when and why prices increased.¹²⁸

{ I think **it's expensive and it's a hassle** when there's a problem. The price goes up and it is not a good deal.

- COMCAST SUBSCRIBER¹²⁹

Increasing the Cost of Service Packages: The most direct way that cable and satellite providers increased prices was to increase the package rate. While package price increases eventually affected all customers, they were generally not applied to customers who were on promotional pricing until after that promotion ended.¹³⁰

¹²⁴ CHTR-MVPD-PSI-00000002; COMCAST-PSI-00011096; DTV-PSI-0002121; TWC_00000636.

¹²⁵ Alicia Adamczyk, *Cable Prices Are Rising at 4 Times the Rate of Inflation*, TIME (Feb. 17, 2016) (online at <http://time.com/money/4227133/cable-price-four-times-inflation/>); FEDERAL COMMUNICATIONS COMMISSION, *Report on Cable Industry Prices* (May 16, 2014) (online at https://apps.fcc.gov/edocs_public/attachmatch/DA-14-672A1.pdf). The price of programming rose at rates higher than the increase of retail cable rates over the same period. Letter from Reginald J. Brown, Counsel for Comcast, to Chairman Portman and Ranking Member McCaskill (June 19, 2016).

¹²⁶ The price of “America’s Top 120” increased from \$44.99 in 2011 to \$59.99 in 2015. DISH-PSI2015Nov-000460788. Letter from Eleanor J. Hill, Counsel for DirecTV, to Chairman Portman and Ranking Member McCaskill (June 13, 2016); Letter from Reginald J. Brown, Counsel for Comcast, to Chairman Portman and Ranking Member McCaskill (June 13, 2016); Letter from Michael D. Bopp, Counsel for Time Warner Cable, to Chairman Portman and Ranking Member McCaskill (June 16, 2016); Letter from Brian A. Benzowski, Counsel for Charter, to Chairman Portman and Ranking Member McCaskill (June 14, 2016).

¹²⁷ COMCAST-PSI-00011052 – COMCAST-PSI-00011053; CHTR-MVPD-PSI-0040002.

¹²⁸ DTV-PSI-0073809.

¹²⁹ COMCAST-PSI-00012215, at slide 42. This complaint, like others provided, is an example of one customer’s experience, and is not intended to be representative of all customers.

¹³⁰ Those in price lock guarantee were not affected by increase – except for the broadcast surcharge. CHTR-MVPD-PSI-00015182.

When cable and satellite providers decided to increase prices across all of their customers, they sometimes applied credits to the accounts of customers with promotional pricing to defray the cost of the increase.¹³¹

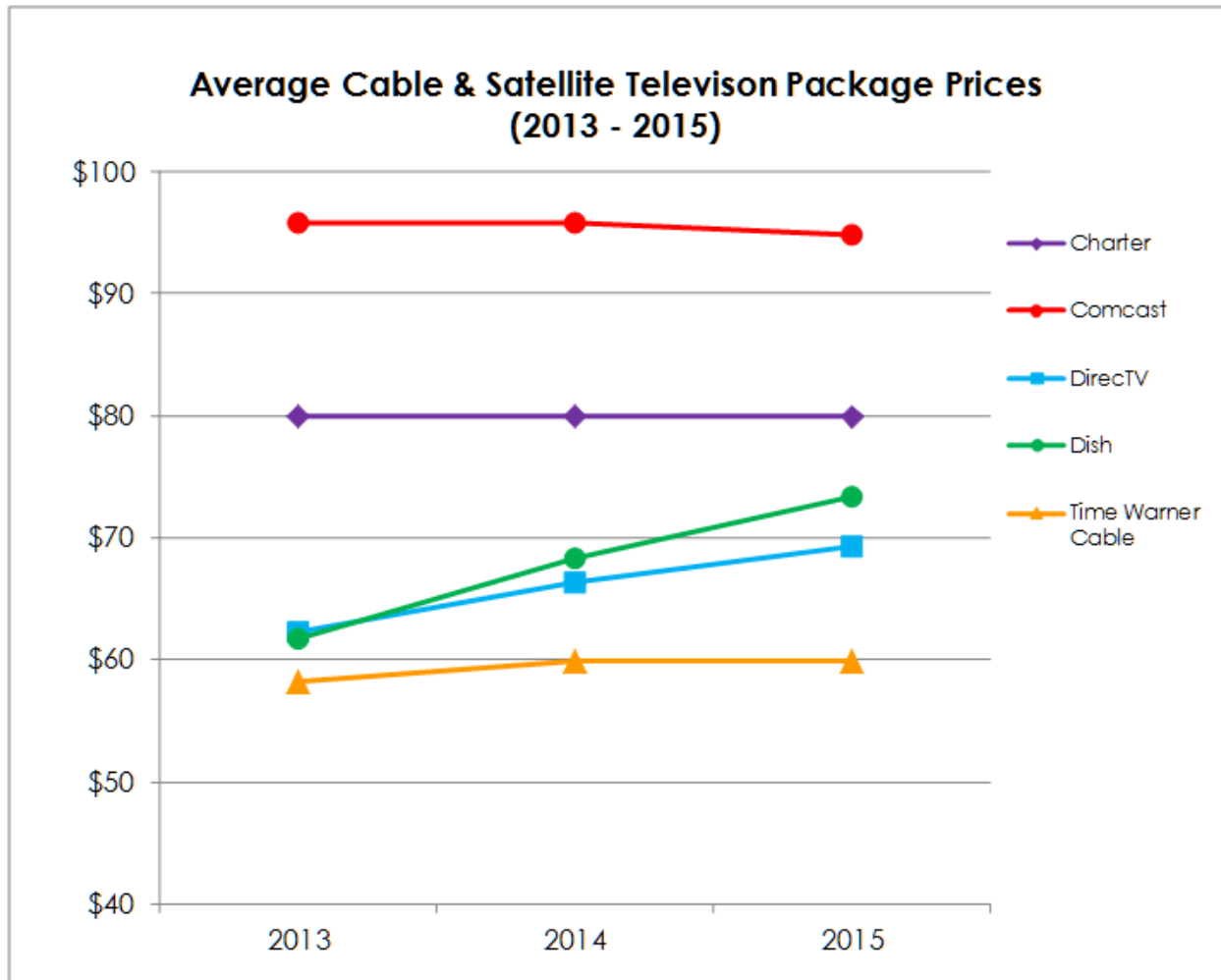


FIGURE 8: AVERAGE PACKAGE PRICE INCREASES¹³²

¹³¹ DISH-PSI2015Nov-000460819.

¹³² Prices reflected the average monthly price of each provider’s three most popular television packages. This chart does not account for the number of customers who purchased each package in a given year. The three most popular television packages offered by Dish, Time Warner Cable, and Comcast, respectively, were the same each year from 2011 to 2015. DirecTV’s three most popular television packages were not the same each year. For consistency, we used the three packages that were the most popular in 2015 (“Choice,” “Choice Ultimate,” and “Select”) throughout (i.e. the 2011, 2012, 2013, and 2014 prices of “Choice,” “Choice Ultimate,” and “Select”). “Charter moved from a predominantly ‘a la carte’ legacy pricing model to ‘all-in’ or New Packaging and Pricing (NPP) in 2012. Under legacy pricing, Charter offered three tiers of service, but offered customers premium or ‘add-on’ services to purchase on an a la carte basis.” In its new packaging, many premium services were now included in the Silver or Gold tiers. Some Charter customers were still on packages that

Within one satellite provider, increases in video package pricing could vary from package to package each year. For example, Dish's 2013 price increase resulted in a 20% increase in the price of some packages, while other packages increased by 7.1%.¹³³ Between 2011 and 2015, Dish increased all of its most popular packages between 21% and 33%, a \$15 increase in the case of their "America's Top 200" package.¹³⁴ DirecTV increased prices between 16% and 25% during this same period.¹³⁵ Cable providers Comcast and Time Warner Cable had an average increase of almost 9% across each of their packages.¹³⁶ **See Figure 8.**

Knowing that price increases raised the probability that customers would leave for another cable or satellite provider,¹³⁷ many cable and satellite providers tried to time price increases in a way that would not increase customer dissatisfaction. While some cable and satellite providers favored multiple small increases over a period of time, such as limiting "the maximum increase at any one time to about \$5," others increased prices less often, with larger impacts.¹³⁸ Overall, most cable and satellite providers weighed the timing and presentation of a price increase carefully because it affected the amount that they could raise prices without upsetting customers.¹³⁹

Some cable and satellite providers timed price increases with promotions or gifts to offset anger over price increases. For example, both Dish and DirecTV timed price increases with "thank you" gift promotions, such as free movies.¹⁴⁰ In 2009, Dish provided instant credits to customers by instantly crediting them with \$5 to relieve

were a part of the pre-2012 pricing strategy, but these packages were no longer offered to new customers. Pre-2012 packaging included Basic (\$24.99 in 2011), Expanded Basic (\$56.99 in 2011), and Digital Home (\$63.99 in 2011). In 2015, the new pricing included Select (\$59.99 in 2015), Silver (\$79.99 in 2015), and Gold (\$99.99 in 2015). Letter from Michael D. Bopp, Counsel for Time Warner Cable, to Chairman Portman and Ranking Member McCaskill (June 16, 2016); Letter from Brian A. Benczkowski, Counsel for Charter, to Chairman Portman and Ranking Member McCaskill (June 14, 2016); Letter from Eleanor J. Hill, Counsel for DirecTV, to Chairman Portman and Ranking Member McCaskill (June 13, 2016); Letter from Reginald J. Brown, Counsel for Comcast, to Chairman Portman and Ranking Member McCaskill (June 13, 2016); DISH-PSI-000460788.

¹³³ DISH-PSI2015Nov-000460788.

¹³⁴ DISH-PSI-000460788.

¹³⁵ Letter from Eleanor J. Hill, Counsel for DirecTV, to Chairman Portman and Ranking Member McCaskill (June 13, 2016).

¹³⁶ Letter from Reginald J. Brown, Counsel for Comcast, to Chairman Portman and Ranking Member McCaskill (June 13, 2016); Letter from Michael D. Bopp, Counsel for Time Warner Cable, to Chairman Portman and Ranking Member McCaskill (June 16, 2016). While this increase is less prominent than for the other providers, it is worth noting that Time Warner Cable and Comcast have both RSN and broadcast retransmission fees. COMCAST-PSI-00011052 – 053; TWC_00017723. Comcast has also lowered the price of its Limited Basic package since 2011 and has provided more HD channels and faster internet speeds. Letter from Reginald Brown, Counsel for Comcast, to Chairman Portman and Ranking Member McCaskill (June 19, 2016).

¹³⁷ See, e.g., DTV-PSI-0085376.

¹³⁸ COMCAST-PSI-00012652; DISH-PSI2015Nov-000470333, at slide 21.

¹³⁹ DTV-PSI-0075127; DISH-PSI-000470333 ("By phasing increases throughout different points in 2013, we limit the maximum increase at any one point in time to about \$5, the amount deemed manageable by the Retention team.").

¹⁴⁰ DISH-PSI2015Nov-000460791; DISH -PSI2015Nov-000460811. In the case of DirecTV, these promotional gifts were a test to gauge consumer reaction, and the practice was not continued. DTV-PSI-0084681.

the impact of an \$8-\$10 price increase.¹⁴¹ Some television providers also mitigated increases through credits or multiple small increases throughout the year. For example, Dish increased the cost of one service by \$15 over the course of a year, but did so in three \$5 increments.¹⁴² Finally, when price increases were high, the strategy that some television providers employed was to remove other fees to make the increase more palatable.¹⁴³ For example, in 2013, Dish told customers that because they were making “moderate” changes to the “America’s Top 120+” subscription, the new price would be \$59.99. This was followed by the clarification that “[i]n an effort to reduce the impact of this increase,” Dish would be waiving a \$5 TV fee to decrease the price increase to only \$5.¹⁴⁴ In some cases these strategies were weighed against the potential revenue created by any price increase.¹⁴⁵ While these tactics created temporary relief for customers, they also led to increased frustration when the promotional rate, credit, or “gift” disappeared.¹⁴⁶

Lack of Transparency about Price Increases: Many customers did not believe that they received timely, accurate, or correct information regarding increases in price. While the providers generally disclosed to new customers that prices “may” change, this caveat was often overlooked by customers who were provided a standard rate that they expected to pay when their promotion ends.¹⁴⁷ In addition, in some cases, equipment and other fees increased as part of company-wide price increases if they were not included in the customer’s promotional package.¹⁴⁸

Before a price increase took place, customers generally received notification on the back of their monthly bill or enclosed in the same envelope.¹⁴⁹ At least four states now require that cable and satellite providers provide 30

¹⁴¹ DISH -PSI2015Nov-000460819.

¹⁴² DISH-PSI2015Nov-000470333.

¹⁴³ Customer service representatives were instructed to waive the Programming Change Fee for any customer who made a change as a result of increase. DISH-PSI2015Nov-000402975.

¹⁴⁴ DISH-PSI2015Nov-000460812.

¹⁴⁵ DISH-PSI2015Nov-000460816; DISH-PSI2015Nov-000460817; DISH-PSI2015Nov-000460818.

¹⁴⁶ “We just have to balance ‘awareness’ with churn, because those that were more aware, churned at a much higher rate, regardless of how [they] found out.” DTV-PSI-0077378 – 380.

¹⁴⁷ DISH-PSI2015Nov-000399640; TWC_00001292.

¹⁴⁸ Permanent Subcommittee on Investigations, Interview of Charter billing officials (May 31, 2016).

¹⁴⁹ DISH-PSI2015NOV-000402920; DISH-PSI2015Nov-000402991– 992; DISH-PSI2015Nov-00461020; Permanent Subcommittee on Investigations, Interview of Charter Customer Service officials (May 31, 2016); TWC_00010798-799; CHTR-MVPD-PSI- 00015184; DTV-PSI-0075184.

days advance notice of a price increase,¹⁵⁰ while other states without such regulations have some satellite customers receiving less notice that their prices will increase.¹⁵¹

Additionally, although cable providers gave notice to all customers of upcoming price increases, these communications were not necessarily effective in making subscribers aware that their bill would increase. A 2013 internal DirecTV study found that the provider's notices were only effective at alerting 16% of subscribers that prices would increase.¹⁵² In 2013, Comcast identified problems with the effectiveness of its efforts to inform consumers of upcoming rate increases, including that rate adjustments were only provided on the paper or PDF form of the bill, and were not posted on the front page of the bill or online account.¹⁵³ In addition, training documents from Time Warner Cable showed that consumers seemed to be surprised by price increases.¹⁵⁴

In 2013, DirecTV conducted a "price increase awareness test" on a select number of subscribers. DirecTV varied the amount and type of notification among this group, who at the time received notification of price increases via an insert in their bill or a message in their e-bill. DirecTV provided "high aware" notification to some customers by sending bill enclosures and multiple emails; other "low aware" customers received notification on the second page of a bill. DirecTV measured the effect of the notification on whether customers left the company. DirecTV found that subscribers who were aware of the price increase canceled their service at higher rates than those who were not aware of the price increase.¹⁵⁵ On the other hand, it found that customers who were made aware of price increases through notification had higher satisfaction scores than customers who discovered the price increase on the bill.¹⁵⁶ However, subsequent DirecTV price awareness testing showed that some "high aware" notifications resulted in a lower NPS score or did not result in a material difference, and that higher levels of awareness did not always result in higher rates of cancellation of service.¹⁵⁷ DirecTV chose not to adopt any of the tested higher or lower aware price awareness techniques among its general subscriber base.¹⁵⁸ In interviews, DirecTV stated that it made this choice was because there was no significant difference in how effective the "high

¹⁵⁰ States with 30 days advance notice: California, Illinois, Ohio, and Wisconsin. DISH-PSI2015Nov-000402973.

¹⁵¹ DISH-PSI2015NOV-000402991.

¹⁵² DTV-PSI-0066616, at slide 12.

¹⁵³ COMCAST-PSI-00012653. Similarly, a local regulator noted that the disclosure of fee increases on the PDF version of the bill meant that customers must click through several pages to see the notice. Permanent Subcommittee on Investigations, Interview of Coralie Wilson, North Suburban Communications Commission (Apr. 14, 2016).

¹⁵⁴ "I wasn't notified of price increase!" TWC_00007703.

¹⁵⁵ DTV-PSI-66616, at slides 13 – 14. "We just have to balance 'awareness' with churn, because those that were more aware, churned at a much higher rate, regardless of how [they] found out." DTV-PSI-0077378 – 380.

¹⁵⁶ DTV-PSI-66616, at slide 20.

¹⁵⁷ DTV-PSI-0070297.

¹⁵⁸ Permanent Subcommittee on Investigations, Interview of DirecTV billing officials (May 25, 2016).

aware” and “low aware” communications were in notifying the customer of the price increase and that the “high aware” communications were substantially more expensive.¹⁵⁹ After these price awareness tests, DirecTV focused on altering the language of the notification to highlight the reasons for the price increase and made changes to the bill itself to more prominently highlight price increases.¹⁶⁰ See Figure 9.

FIGURE 9: DIRECTV PRICE AWARENESS TESTING¹⁶¹

Price Increase Awareness Test		DIRECTV				
Level of Marketing:	BAU	Low Aware	Medium Aware	High Aware	High Aware	Pre-Increase
Tactic:	Letter, Buck slip, or E-bill message	2 nd Page Bill	BAU + Letter	BAU + Multiple Emails	BAU + Benefits Mailer	Benefits Mailer - Holiday

CUSTOMER SERVICE AND RETENTION PRACTICES

Few subscribers reported a positive experience when calling their cable or satellite company. Customers with a recent interaction with Comcast, for example, were actually more likely to be dissatisfied than customers who had not been in contact with the company.¹⁶² Satisfaction with customer service on the phone was lower than other methods of interacting with Charter, such as at a local office or with a technician visit at the home.¹⁶³ When DirecTV surveyed its own technicians about the most frustrating customer experiences (because its technicians are the only employees who physically meet customers), nearly one-quarter of the responses were

¹⁵⁹ Permanent Subcommittee on Investigations, Interview of DirecTV marketing officials (May 25, 2016).

¹⁶⁰ Permanent Subcommittee on Investigations, Interview of DirecTV billing officials (May 25, 2016); Permanent Subcommittee on Investigations, Interview of DirecTV billing officials (June 13, 2016).

¹⁶¹ “BAU” refers to business as usual, or the typical practice of notifying customers of a price increase. Permanent Subcommittee on Investigations, Interview of DirecTV billing officials (May 25, 2016); DTV-PSI-00066616, at slides 13–14.

¹⁶² COMCAST-PSI-00012933.

¹⁶³ CHTR-MVPD-PSI-00014721.

about problems with the “call center experience.”¹⁶⁴

{ It took a month to get someone to set it up... It's over-priced. Half the time, our service goes out. We get fees that we shouldn't have, but **we just pay them so we don't have to deal with customer service.**

- COMCAST **SUBSCRIBER**¹⁶⁵

Based on reviews of company complaint and customer satisfaction data, customers often contacted their cable and satellite providers to address a number of issues, with some of the most common reasons centered around billing, technical service or repair issues, and questions about their service and contract.¹⁶⁶ Customers were frequently dissatisfied with their providers’ failure to resolve the problem or issue about which the customer called. Customers were frustrated by repeated transfers to different agents and the need to call back after their provider claimed that their problem was resolved.

Even though customers may have called in with problems or questions, cable and satellite providers treated most of these calls as an opportunity to increase profits and sell more services. Customers who called in with a question about their service or bill encountered agents who were trained to take control of the call and “upsell” the customer. Those customers who called in to cancel their service were transferred from a frontline customer service agent to a specialized “retention” agent. As the name suggests, a key job (and pay incentive) for these agents was not necessarily to disconnect customers, but to retain or “save” as many customers as possible. Rather than immediately process disconnection requests, these agents would “probe” customers for why they wanted to cancel and then attempted to persuade customers to continue their subscriptions.

Customer Service Agents Aren't Helping the Customer

When cable or satellite subscribers had a problem with their service, an issue with their equipment, or a question about their bill, they called the customer service phone number associated with their provider. While some information could be accessed through an automated system, callers frequently spoke with a customer service agent in order to resolve their problems.

¹⁶⁴ DTV-PSI-0051926, at slides 2, 14, and 16.

¹⁶⁵ COMCAST-PSI-00012234.

¹⁶⁶ COMCAST-PSI-00012175; DISH-PSI0002559 – 573; DTV-PSI-0008463 – 468; CHTR-MVPD-PSI-00014741; TWC_00017617.

Unfortunately, cable and satellite providers often did not resolve these problems as quickly as many customers would have liked. In December 2015, for instance, 40% of a sample of customers who called Comcast with a billing problem were unable to resolve it on the first call.¹⁶⁷ In December 2014, DirecTV found that 36% of callers contacting the billing department were unable to fully resolve their issue.¹⁶⁸ Charter noted that approximately 20% of callers were not able to solve their problem on the first call.¹⁶⁹ Time Warner Cable did not track the resolution of individual calls, but stated that it evaluated its customer service agents on whether a customer they spoke with called again within three days of the initial call.¹⁷⁰ However, based on 2015 customer survey data provided by the company, only 42% of customers agreed that Time Warner Cable “has the ability to resolve your problem on the first call.”¹⁷¹

I was hung up on four different calls when asking the rep...to assist me with my billing problems because I was being double billed...They would not help me, they would just hang up on me...they were all laughing in the background. They would not give me a supervisor, nor offer me any additional help. Just hung up on me when they were allegedly trying to transfer me. **I don't know who to talk to because your people keep hanging up on me.**

- COMCAST **SUBSCRIBER**¹⁷²

Ironically, many of the problems that at least one cable provider was asked to resolve may have been caused by that provider in the first place. Comcast conducted an investigation into escalated complaints among customers who felt that they were charged a different price than what they were promised. The investigation determined that approximately 30% of the customers reported they were not quoted the full or correct package price, and in approximately 8% of cases, the customer reported that Comcast applied the incorrect rate code to the account.¹⁷³ At Dish, agents had a tool to report instances of customer problems for particular categories, such as

¹⁶⁷ COMCAST-PSI-00012941.

¹⁶⁸ DTV-PSI-0093809.

¹⁶⁹ CHTR-MVPD-PSI-00014739.

¹⁷⁰ Letter from Michael D. Bopp, Counsel for Time Warner Cable, to Chairman Portman and Ranking Member McCaskill (May 27, 2016).

¹⁷¹ Based on Q3 2015 data. TWC-00017509.

¹⁷² COMCAST-PSI-00012422. This quote and other quotes from Comcast customer complaints were presented to Comcast’s executives as examples of customer complaints. Comcast additionally stated that these quotes were collected as part of an attempt to improve customer service. Letter from Reginald J. Brown, Counsel for Comcast, to Chairman Portman and Ranking Member McCaskill (June 18, 2016).

¹⁷³ COMCAST-PSI-00013400. This investigation occurred in 2013. Comcast conducted similar investigations over the previous year with similar results. COMCAST-PSI-00013213; COMCAST-PSI-00013218; COMCAST-PSI-00013223; COMCAST-PSI-00013228; COMCAST-PSI-00013232. Comcast described one such investigation: “The investigation *determined* 31% of the customers were not

technical problems or high prices. The combined instances of customers complaining they were given wrong information would make it the second largest category on the list.¹⁷⁴

The reasons that cable and satellite companies have such a bad reputation for customer service are familiar to many consumers. As discussed below, some customers who called seeking a quick fix found themselves transferred from one agent to another, explaining their problem repeatedly. Sometimes, customers not only had to speak to more than one agent, but had to call more than one (or two or three) times to resolve their issues.¹⁷⁵

Calls Are Often Transferred to the Wrong Agent: One of the most frustrating experiences for customers was being unable to contact a company agent who could resolve their issue. Customers would call in to an agent, who in turn transferred the call and the issue to another agent, who may have transferred the call to another agent, and so on.¹⁷⁶ Sometimes there were legitimate reasons for transfers, but in many cases it became clear to the customer that the number of transfers were unnecessary, and often mistaken. Cable and satellite provider documents make clear that this was not anecdotal. Dish stated that between 10–15% of its calls need to be transferred from one agent to another, and that 5% of its transferred calls were mishandled or invalid.¹⁷⁷

quoted the full or correct package price. This is mainly due to the failure to explain equipment charges, taxes, activation fees, installation charges and other one-time charges. 29% did not understand package pricing and the bill was correct. Customer did not understand (Prorates, Bundled Rate, etc). Another 8% were due to the incorrect rate code being added to the customer’s account.” COMCAST-PSI-00013400. Comcast also stated that this information was from a limited time period between 2012 and 2013. These were the most recent such investigations that Comcast provided the Subcommittee.

¹⁷⁴ Email from Sarah Leggin, Counsel for Dish, to Subcommittee (May 25, 2016) (“Feedback Tool – Report – Business.xlsx”); Email from Sarah Leggin, Counsel for Dish, to Subcommittee (May 11, 2016) (“De-Escalation Portal.xlsm”). Dish did not make a determination whether the customer complaint was correct.

¹⁷⁵ DISH-PSI2015Nov-000450167; TWC-00017468; COMCAST-PSI-00013665.

¹⁷⁶ COMCAST-PSI-00012192; COMCAST-PSI-00012194.

¹⁷⁷ Permanent Subcommittee on Investigations, Interview with Dish customer service official (June 22, 2016). One Dish training document suggested that one in five transferred calls were invalid or mishandled when transferred, but Dish provided internal metrics that showed lower rates. DISH-PSI2015NOV-000450167; Email from Sarah Leggin, Counsel for Dish, to Subcommittee (June 22, 2016) (“Report_Time Series_06202016”).

I've been on hold for over an hour. I'm still trying to get my issue resolved. My husband is now on the phone, he's been waiting for over thirty minutes. So in all **we've spent more than two hours just waiting for somebody to help us.**

- COMCAST SUBSCRIBER¹⁷⁸

At Charter, new agents were trained to “take ownership of the situation” with customers “who have been transferred and passed around from automated phone systems and various departments” and who are “angry and frustrated because they feel employees are passing the buck.”¹⁷⁹ Despite knowing it was a problem, Charter, like other companies, did not track whether customers were incorrectly transferred.¹⁸⁰ Even when transfers were valid, they could be done in an ineffective manner. For example, DirecTV in September 2014 noted that among its customer-reported survey results, 30% of calls were transferred, and 70% of callers had to re-explain their issue after being transferred.¹⁸¹

Customers Call Repeatedly to Resolve Problems and Have Difficulty Resolving Problems: Even when a customer eventually reached an agent who claimed that he or she could help, this may not mean that the customer’s issue was resolved. **See Figure 10.** For instance, at Time Warner Cable, over one-third of its subscribers in a self-reported survey called customer service three or more times over a six-month period.¹⁸² One in six called at least five times.¹⁸³ In addition, 41% of the subscriber complaints made to the FCC about Comcast were made after subscribers had made repeated attempts to resolve the problem with the company.¹⁸⁴ Dish had to caution

¹⁷⁸ COMCAST-PSI-00012430.

¹⁷⁹ CHTR-MVPD-PSI-00004272.

¹⁸⁰ Letter from Brian A. Benczkowski, Counsel for Charter, to Chairman Portman and Ranking Member McCaskill (May 17, 2016); Letter from Michael D. Bopp, Counsel for Time Warner Cable, to Chairman Portman and Ranking Member McCaskill (May 27, 2016); Letter from Reginald J. Brown, Counsel for Comcast, to Chairman Portman and Ranking Member McCaskill (May 17, 2016). Time Warner Cable noted that they do not evaluate whether or how a call was transferred but submitted records demonstrating that 94% of customer calls are managed by one agent without a transfer. Letter from Michael D. Bopp, Counsel for Time Warner Cable, Chairman Portman and Ranking Member McCaskill (May 27, 2016); Email from Michael D. Bopp, Counsel for Time Warner Cable, to Subcommittee (June 19, 2016).

¹⁸¹ DTV-PSI-0093774.

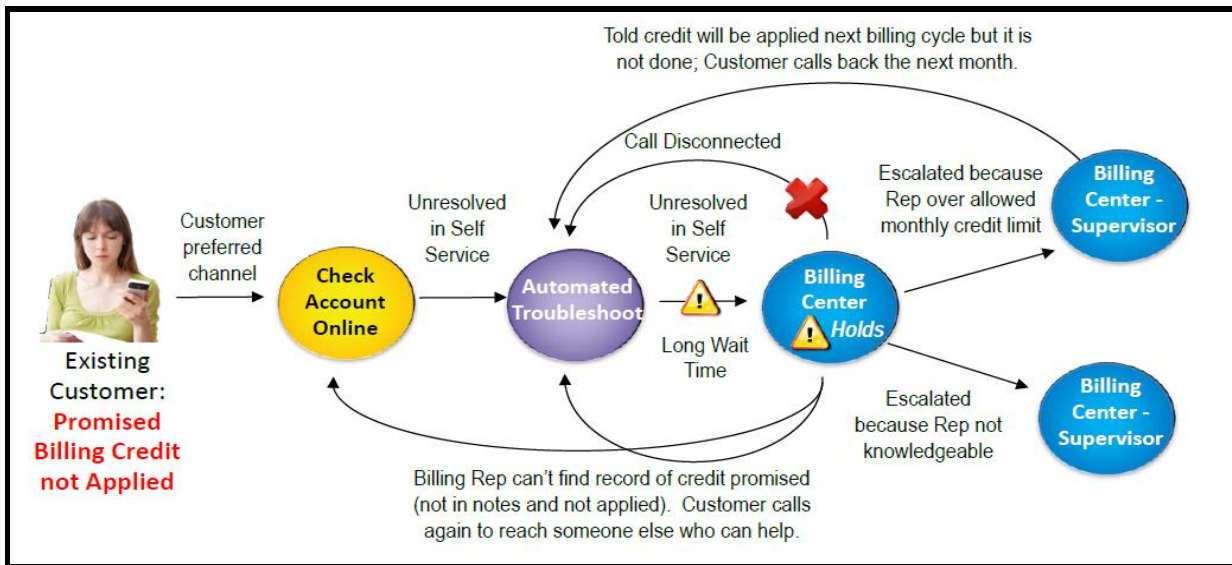
¹⁸² TWC-00017468. This study was done before Time Warner Cable’s “winning on service” campaign, and, according to Time Warner Cable, does not reflect current contact rates with customer service representatives. Email from Michael D. Bopp, Counsel for Time Warner Cable, to Subcommittee (June 22, 2016).

¹⁸³ TWC-00017468.

¹⁸⁴ COMCAST-PSI-00013665. Comcast stated that only “a very small percentage of Comcast’s customers file complaints with the FCC, and it certainly stands to reason that a large number of these are customers who were unable to resolve their concerns with Comcast after multiple attempts.” Letter from Reginald J. Brown, Counsel for Comcast, to Chairman Portman and Ranking Member McCaskill (June 19, 2016).

its agents on a number of transactions with subscribers “where we agree to do something, but then the transaction is not completed.”¹⁸⁵

FIGURE 10: “SAMPLE HIGH EFFORT RESOLUTION PATH”¹⁸⁶



At Dish, agents were instructed in training materials to tell customers that they will take a particular action in order to reassure the customer but were not instructed to later actually take that action. Among Dish’s list of instructions to de-escalate disputes over the quoted price of service was for agents to provide reassurance and “advise the customer that you are going to report the issue to management.”¹⁸⁷ However, there was no independent instruction for the agent to actually report the issue, even though other types of calls have specific, independent instructions to report information and to whom to report it.¹⁸⁸

¹⁸⁵ DISH-PSI2015Nov-000402634.

¹⁸⁶ COMCAST-PSI-00012176, at slide 17. Interview of Comcast billing official (May 10, 2016). Comcast stated that this slide was a hypothetical and not an actual event. The illustration is titled “sample” and is part of a chapter of a presentation titled “Investigation around Customer Effort.” COMCAST-PSI-00012176, at slide 8.

¹⁸⁷ DISH-PSI2015Nov-000413993.

¹⁸⁸ DISH-PSI2015Nov-000413990 – 992, 995. Dish explained these instructions were not necessary because agents were trained generally to report issues to management by highlighting customer concerns using Dish’s “Plus One” feedback tool system. Interview of Counsel for Dish (June 20, 2016). However, Dish’s “Plus One” system and associated feedback tool provided to the Subcommittee did not contain a specific category for complaints regarding the quoted price of service. Email from Sarah Leggin, Counsel for Dish, to Subcommittee (May 11, 2016) (“Plus Ones Tool – 2016 Report.xlsx”); Email from Sarah Leggin, Counsel for Dish, to Subcommittee (May 25, 2016) (“Feedback Tool – Report – Business.xlsx”). Dish’s “Plus One” system and associated feedback tool allow agents to manually add new categories for complaints, including complaints regarding the quoted price of service. Email from Jeff Blum, Counsel for Dish, to Subcommittee (June 22, 2016).

[Y]ou have to really watch them on billing or you will have charges on your bill that don't apply

and once they are there it is close to impossible to get them off... [Our] bill reflected a charge for a phone that we never had. I called in EVERY month and still the charge was racking up close to 120 dollars. Finally I spoke with a SUPERVISOR who credited me 20 dollars [but] there was more red tape and more hoops to jump through.

- Charter SUBSCRIBER¹⁸⁹

In December 2015, a Charter subscriber whose blindness prevented him from updating his automatic payment information online called to ask for a customer agent's assistance. The agent's response—correct, according to Charter—was to refer the subscriber back to the website, which the customer could not see.¹⁹⁰ Charter later explained that it did not allow agents access to customer bank account information, and that the customer's account information was updated to his satisfaction within one day of it being received by its escalated complaints department.¹⁹¹ It is unclear why the customer's problem was not resolved or provided to the escalated complaints department until the subscriber's Congresswoman intervened.¹⁹²

Cable and satellite providers were also reluctant to provide reimbursement or credits to customers who experienced poor service. As Dish trained its agents, "[a]djustments should be your last option for resolving customers' issues."¹⁹³ Charter trained its billing agents that credits and adjustments should only be issued upon a customer's request.¹⁹⁴ Many customers who contacted Comcast about billing problems (which often required crediting an account to fix the issue) encountered significant difficulty getting their issue resolved.¹⁹⁵

Providers Treat Calls as an Opportunity to Make Sales

When customers called their cable or satellite provider with a problem or question, the providers treated most of these calls as an opportunity to increase profits and sell more services. In industry terms, this is known as "upselling" customers. Customer service representatives were trained to attempt to sell more services to

¹⁸⁹ Consumer complaint (May 26, 2016) (online at https://www.consumeraffairs.com/cable_tv/) (accessed June 20, 2016). This complaint, like others provided, is an example of one customer's experience, and is not intended to be representative of all customers.

¹⁹⁰ CHTR-MVPD-PSI-00014767.

¹⁹¹ Email from Brian A. Benczkowski, Counsel for Charter, to Subcommittee (June 20, 2016).

¹⁹² CHTR-MVPD-PSI-00014767.

¹⁹³ DISH-PSI2015Nov-000404049.

¹⁹⁴ CHTR-MVPD-PSI-00004066.

¹⁹⁵ COMCAST-PSI-00012191. Among customers who contacted Comcast about a billing problem during the first quarter of 2015, 43% did not have their issue resolved; by comparison, problems related to service or equipment were resolved over 70% of the time. *Id.*

customers, regardless of what issue the customer was calling about.

The customer service rep was **more interested in selling my mother a service than** troubleshooting the issue at hand. It turned out to be a loose wire in the back of the cable box. Something that should [be in] your troubleshooting protocol at the very least.

- DIRECTV SUBSCRIBER¹⁹⁶

Customer Service Agents Are Trained To Manage Calls and Make Sales: Cable and satellite companies trained their agents to control the conversation with subscribers. Customers were “probed” with questions to determine what additional services they might buy, “opened” with offers of more expensive services, and “closed” in order to complete the sale. Customers who became angry or upset regarding their service were viewed as an occupational hazard for call center representatives.

Controlling the Call to Make the Sale. While customers may believe that, having called a provider, they are driving the conversation, cable and satellite companies seek to ensure that their agents are in control. As one Dish training block described, “[Y]ou should be able to establish control on a call, maintain control of a call, [and] regain control of a call after it has been lost.¹⁹⁷ Time Warner Cable told its agents to “set the agenda” when the customer called, “assert the agenda” throughout the call, and “reset the agenda” to sell its customers additional services (as will be discussed below).¹⁹⁸ Comcast told its agents to avoid using “trap words” that might reinforce something negative the customer stated, even though many of these words seemed to have plain and suitable meanings (examples include “rate increases” and “disconnect”).¹⁹⁹

Even in situations where upselling seemed unlikely, Charter and Time Warner Cable instructed agents to attempt it. Charter’s first step in its retention offer strategy was to “attempt to maintain or increase revenue.”²⁰⁰ When Time Warner Cable customers were calling to ask about price hikes, the company

¹⁹⁶ DTV-PSI-0039668.

¹⁹⁷ DISH-PSI2015Nov-000425882.

¹⁹⁸ TWC_00001234; TWC_00001270.

¹⁹⁹ COMCAST-PSI-00011219.

²⁰⁰ CHTR-MVPD-PSI-0013139.

labeled it as an “opportunity” to upsell them,²⁰¹ advising “[t]he price adjustment brings with it an opportunity to upsell customers.”²⁰²

{ Do we want the customers telling us what they need? NO!!! We need to always remain in control at all times.



Employees were trained to “probe” their customers with questions to identify additional services that they could be persuaded to buy.²⁰⁴ Agents at Dish were discouraged from asking “purpose-less” questions like “How’s your day going?” and instead were instructed to ask questions whose answers might suggest additional services to sell, such as whether they have children (and might therefore want children’s programming).²⁰⁵ Time Warner Cable said, “Don’t ask a question unless it will help you select and recommend the right package, unless it helps you save or sell.”²⁰⁶ Agents were even encouraged to listen to the surrounding sound at the customers home for a sales advantage; if they heard children they could suggest family programming and if they heard cheering they could suggest sports packages.²⁰⁷ Regardless of the reason that customers may have called, Comcast told its employees to “uncover ‘hidden’ needs” of their subscribers for additional services.²⁰⁸ Charter encouraged agents to ask “high value discovery questions” aimed at “aligning the customer’s needs” with their more expensive packages.²⁰⁹

Time Warner Cable tested a tactic called “open extreme,” an attempt to extract the most revenue from the customer by selling the most expensive service.²¹⁰ In a company training slide, agents were given an example of a customer calling in who was currently paying \$100 per month. Agents were taught to begin

²⁰¹ TWC_00000750; TWC_00010880.

²⁰² TWC_00010797.

²⁰³ TWC-00011193.

²⁰⁴ TWC_00001109.

²⁰⁵ DISH-PSI2015Nov-000410717.

²⁰⁶ TWC_00001270.

²⁰⁷ DISH-PSI2015Nov-000414237.

²⁰⁸ COMCAST-PSI-00012105.

²⁰⁹ CHTR-MVPD-PSI-00011050.

²¹⁰ TWC_00001205.

by pitching at an “extreme opening rate” that would increase the customer’s bill by 50%.²¹¹ Time Warner Cable told its agents: “Don’t make assumptions about what a customer can afford.”²¹² Time Warner Cable reported that after an initial trial, it ceased using this tactic.²¹³

Dish and Time Warner Cable used a technique, called the “assumptive close” or “presumptive close,”²¹⁴ which had the potential to pressure customers to accept unwanted products or services. An assumptive or presumptive close sought the customer’s consent to the sale or “solution” in a manner that assumed the customer has already assented. For example, rather than asking, “Would you like HBO?” agents would ask, “Would you prefer I add HBO or Showtime to your account?” or “I can get a tech out to you Thursday or Friday. Which day would you like?”²¹⁵ As Dish advised its agents, closes should be assumptive in part because this tactic “reduces the customer’s opportunity to object.”²¹⁶ One example of a Dish close was not even a question, but simply the statement: “So you can start enjoying these movies immediately, I will add HBO to your account.”²¹⁷

The industry described these sales pitches as “solutions” offered to their subscribers. Dish justified upselling because, by increasing revenue, it would “avoid the potential of more frequent and higher price increases for our customers.”²¹⁸ However, many customers did not seem to want them. Comcast found that 18% of its dissatisfied customers were upset that the company had tried to upsell them when they called.²¹⁹ Upselling annoyed enough customers that Dish instructed its agents to note when subscribers asked never to be upsold.²²⁰ However, but for the case of certain exceptions, such as customers calling in

²¹¹ *Id.*

²¹² TWC_00001208. Charter agents were also taught to “start with presenting a package option that provides more services for the customer CHTR-MVPD-PSI-0000687. For instance, Charter instructed its agents to “always lead with the DVR service pricing for up to four boxes,” even when it has a cheaper single box DVR service fee. CHTR-MVPD-PSI-0000832.

²¹³ Email from Michael D. Bopp, Counsel for Time Warner Cable, to Subcommittee (June 19, 2016).

²¹⁴ CHTR-MVPD-PSI-00011061 – 063; DISH-PSI2015Nov-000414240; DISH-PSI2015Nov-000414246; TWC_00001276.

²¹⁵ DISH-PSI2015Nov-000414240; DISH-PSI2015Nov-000414246; TWC_00001276.

²¹⁶ DISH-PSI2015Nov-000414240; DISH-PSI2015Nov-000414246.

²¹⁷ DISH-PSI2015Nov-000414240.

²¹⁸ DISH-PSI2015Nov-000450622.

²¹⁹ COMCAST-PSI-00012459. This information comes from a 2014 survey of dissatisfied customers who were prompted with possible reasons for their dissatisfaction. Of those customers, 18% reported an attempt to upsell as a source of their dissatisfaction. Letter from Reginald J. Brown, Counsel for Comcast, to Chairman Portman and Ranking Member McCaskill (July 17, 2015).

²²⁰ DISH-PSI2015Nov-000421110.

with service problems, most Dish agents were required to upsell on every call—even when customers rejected an initial upsell on a previous call.²²¹

Customer service representatives were evaluated and compensated, in part, based on their ability to make sales. At Dish, upselling was usually part of an agent’s performance evaluation.²²² In addition to monetary incentives, the company offered promotions to its agents. If agents met sales goals, they could receive entries into sweepstakes, restaurant gift cards or an office party.²²³ And if agents were top performers, they could be recognized in company newsletters.²²⁴ Comcast’s billing agent evaluation instructions indicated that an employee was performing “below expectations” if he or she did not solicit customers to purchase additional services, and scorecards for billing representatives included metrics like “Upgrade Transitional Sales Close Rate.”²²⁵ DirecTV agents, even those who handled billing or technical support calls, had sales or “upgrade” goals.²²⁶ Time Warner Cable customer care representatives could receive sales commissions in addition to their base pay.²²⁷

Handling Customers’ Anger. Customer service representatives underwent extensive training on how to deal with angry, irate, or (to use an industry euphemism) “escalated” customers.²²⁸ Charter warned its agents: “Do not pause when you address that the customer is not going to get what they desire. It is crucial to instantly move to a *can do* statement.”²²⁹ In a training designed to help agents not take customers’ anger personally, Comcast told its agents: “Don Miguel Ruiz, a surgeon, author, and mythologist, said: ‘[...] Nothing others do is because of you. What others say and do is a projection of their own reality.’”²³⁰ DirecTV assured its agents: “Keep in mind that customers may tend to exaggerate.”²³¹

²²¹ DISH-PSI2015Nov-000401363; DISH-PSI2015Nov-000411606; DISH-PSI2015Nov-000450622.

²²² DISH-PSI2015-000450622.

²²³ DISH-PSI2015Nov-000420633; DISH-PSI2015Nov-000421278.

²²⁴ DISH-PSI2015Nov-000422507.

²²⁵ COMCAST-PSI-00011821; COMCAST-PSI-00012171.

²²⁶ DTV-PSI-0089310. DirecTV stated that, despite these sales goals, the main function of its technical assistance agents was to assist customers in resolving technical issues, and the primary function of its billing agents was to answer and resolve customer inquiries. Email from William Clarkson, Counsel for DirecTV, to Subcommittee (June 20, 2016) (“DTV-PSI Minority Report Response Submission”).

²²⁷ TWC_00017132-133; TWC_00017136 – 137.

²²⁸ COMCAST-PSI-00011603; TWC_00007777; CHTR-MVPD-PSI-00012631; DTV-PSI-0089489.

²²⁹ CHTR-MVPD-PSI-00012631.

²³⁰ COMCAST-PSI-00011608.

²³¹ DTV-PSI-0089507.



Like a matador, you must mentally 'step aside' and let the bull run past you...until it gets tired and calms down.

- DIRECTV INSTRUCTIONS TO AGENTS ON "DE-ESCALATING" UPSET CUSTOMERS²³²

Providers devoted a considerable amount of effort into training their customer service representatives to interact with customers who were surprised and upset by the high price of their service. For instance, DirecTV instructed its agents that "the key is to ask clarifying questions that move the conversation forward and toward a resolution, as opposed to questions that have customers repeat what made them upset" and to change the subject and "avoid reminding the customer of the reason he or she called."²³³ See Figure 11.

FIGURE 11: DIRECTV: DE-ESCALATING UPSET CUSTOMERS²³⁴

Provide an Example	Customer statement: "You advertisements are completely false! I am paying WAY more than I was told I would be paying when I signed up. If DIRECTV keeps trying to rip me off I'm going to have to go back to cable."
- Bad example	Dangerous Clarifying Question: "Earlier, you mentioned that you were paying more than you expected. How much were you told you would have to pay?" In this example, the CSR is reminding the customer of the reason he or she was upset.
- Good example	Information Seeking Clarifying Question: "Earlier, you mentioned that you were paying more than you expected. Help me understand which programming and services are most important to you?" This response steers clear of cost and allows the customer to focus on WINS.

²³² DTV-PSI-0089498 – 499.

²³³ DTV-PSI-0089525. As part of this instruction, DirecTV stated that "the key is to ask clarifying questions that move the conversation forward and toward a resolution, as opposed to questions that have customers repeat what made them upset." *Id.*

²³⁴ DTV-PSI-0089526.

All of the cable and satellite providers provided training on how to handle customers who were upset due to a promotional price ending, or an increase in standard pricing. Following a price increase, or notification thereof, callers were routed to specially trained customer service agents who received training on how to handle callers upset about price increases and the cost of cable. For instance, Time Warner Cable and Dish conducted role-play scenarios with agents acting as customers angry about a price increase.²³⁵ These agents had access to specialized systems that helped handle calls, provide additional information, and even assist in communicating with price increase callers.²³⁶ For example, Charter's system created flags for each account highlighting how rate change affected each customer's account,²³⁷ and Dish Network created a separate system for handling calls called the "de-escalation portal."²³⁸

Retention Agents are Trained to Keep Customers From Canceling Service: Customers' frustrations continued when they attempted to cancel or downgrade service, as they had to clear certain hurdles in order to do so. While the number of providers in certain areas of the country remains limited, consumers may have had the option of changing providers or canceling their cable or satellite service and using video services delivered over the internet, such as Netflix or PlayStationVue. Companies were aware of this possibility, and took certain steps that made it more difficult for a customer to downgrade or disconnect their service.

FIGURE 12: TIME WARNER CABLE RETENTION TRAINING²³⁹

The Conundrum

One of the most challenging things about being a retention agent is that to be successful, you have to do the opposite of what the customer is calling in for.

- ▶ If the customer is calling into cancel, your goal is to *not* cancel the services!
- ▶ And if the customer wants to lower the bill, you're going to try to avoid that, and perhaps even *raise* the bill!

²³⁵ DISH-PSI2015Nov-000411072; TWC_00010932.

²³⁶ CHTR-MVPD-PSI-00015181.

²³⁷ CHTR-MVPD-PSI-00015122.

²³⁸ DISH-PSI2015Nov-000403100.

²³⁹ TWC 00001391.

First, the cable and satellite providers included in our review did not provide an option for customers to disconnect their service online; instead, customers had to either visit a retail store in person or call the provider to cancel their services.²⁴⁰ Then, when customers called to disconnect their service, they had to speak to a “retention” or “loyalty” agent, whose job was to try to prevent the customer from disconnecting their account.

With few exceptions, such as the death of a subscriber or a subscriber moving out of the provider’s service area, cable and satellite companies required that their retention agents attempt to “save” every customer who wanted to cancel their service.²⁴¹ The exception was Comcast, which, in February 2016, after meeting with the Subcommittee, stressed to its retention agents that its policy allowed agents to stop trying to “save” the customer if the customer refused or became upset by a retention agent’s request to ask the customer questions about his or her decision to disconnect.²⁴² **See Figure 12.**

All of the companies in this review trained their retention agents to follow a relatively similar process, which included:

Asking “probing” questions to determine how customers use their service and why they want to cancel their service.²⁴³

Proposing “solutions” to address the customers’ stated reasons for canceling their service.²⁴⁴

Overcoming objections from customers who did not want to answer questions, or who did not accept the proposed solution.²⁴⁵

²⁴⁰ Comcast allowed customers to submit a request to cancel services online, after which they would receive a call from an agent to process the disconnection of service. Comcast characterized this follow-up call as basic and intended to prevent fraudulent activity and the unauthorized cancellation of services that may have served life-saving or other critical purposes. Letter from Reginald J. Brown, Counsel for Comcast, to Chairman Portman and Ranking Member McCaskill (May 17, 2016).

²⁴¹ COMCAST-PSI-00011230 – 233; TWC_00001155; TWC_00001314 – 315; TWC_00001565; TWC_00001379; TWC_00001430; DISH-PSI2015Nov-000421496; DTV-PSI-0075515; CHTR-MVPD-PSI-00012853.

²⁴² COMCAST-PSI-00011584 – 586; Email from David Gringer, Counsel for Comcast, to Subcommittee (Feb. 16, 2016) (“S4 Enhancements_JobAid_Guidelines”, “S4_eBrief_2016-01_Edited”).

²⁴³ COMCAST-PSI-00011112; COMCAST-PSI-00011116; COMCAST-PSI-00011144; DTV-PSI-0089916; TWC_00001109; CHTR-MVPD-PSI-00000334; DISH-PSI2015Nov-000425336; DTV-PSI-0089914.

²⁴⁴ DISH-PSI2015Nov-000421437; DISH-PSI2015Nov-000438094; COMCAST-PSI-00011314 – 315; TWC_00001386; CHTR-MVPD-PSI-00000337; DTV-PSI-0089918.

²⁴⁵ DTV-PSI-0090315; COMCAST-PSI-00011579; TWC_00001431; Dish-PSI2015Nov-000437649; DISH-PSI2015Nov-000421437; CHTR-MVPD-PSI-00004962 – 964; CHTR-MVPD-PSI-00004987. During the course of our review, Comcast updated its training to stress that agents would not be penalized for complying with customers’ requests when the customers indicated they did not want to discuss their reasons for disconnecting. In correspondence with the Subcommittee, Charter stated that if customers do not want to discuss why they are leaving, agents are expected to honor the request.

Cable and satellite providers evaluated and compensated their retention agents based on their ability to prevent customers from canceling or lowering their level of service. The retention process could lead to a frustrating experience for customers who simply wanted to cancel their service and were not interested in having conversations about the reasoning behind their decision or listening to new sales offers to prevent them from leaving. Similarly, some customers attempting to downgrade, or lower their level of service, had to go through a similar process and negotiate with the retention agents in order to receive lower-priced services. Moreover, customers who were willing to negotiate with the agent in order to receive a lower price or different package were at a disadvantage because retention agents had much more access to in-depth comparisons of their packages with their competitors' offerings, as well as detailed information on the customers' account history and pricing.

Customers Required to Speak with Providers' Agents to Cancel Service. Although customers were able to easily sign-up for and upgrade their service online, the cable and satellite providers included in our review did not provide an option for customers to disconnect their service online. Customers were required to either visit a retail store in person or call the provider to cancel their services.²⁴⁶ See Figure 13.

After watching my bill climb and climb I decided to finally cut the cord and cancel my Charter service...It just wasn't worth it. I was forced to talk to a retention specialist before I could cancel. He offered me a really great deal for 1 year and promised technical solutions to some of my problems. I accepted. **The year-long offer lasted exactly one month.** The very next month my bill not only went back up but it was higher than it had ever been. I called back and told them I was done for good. The new retention rep offered me the same deal, but of course I wasn't going to fall for that again. So glad to be done with this awful company!

– FORMER Charter SUBSCRIBER²⁴⁷

Although customers were able to easily sign-up for and upgrade their service online, the cable and satellite providers included in our review did not provide an option for customers to disconnect their service online. Customers were required to either visit a retail store in person or call the provider to

²⁴⁶ Comcast allowed customers to submit an email request to cancel services online, after which they received a call from an agent to process the disconnection of services. Comcast characterized this follow-up call as basic and intended to prevent fraudulent activity and the unauthorized cancellation of services that may have served life-saving or other critical purposes. Letter from Reginald J. Brown, Counsel for Comcast, to Chairman Portman and Ranking Member McCaskill (May 17, 2016).

²⁴⁷ Consumer complaint (Apr. 19, 2016) (online at https://www.consumeraffairs.com/cable_tv/) (accessed June 20, 2016).

cancel their services.²⁴⁸ See Figure 13.






ONLINE SELF- SERVICE OPTIONS				
TV PROVIDERS	SIGN UP FOR SERVICE	UPGRADE SERVICE	DOWNGRADE SERVICE	CANCEL SERVICE
CABLE COMPANIES				
 COMCAST	✓	✓	X	X
 Time Warner Cable®	✓	✓	X	X
 Charter COMMUNICATIONS	✓	✓	X	X
SATELLITE COMPANIES				
 DIRECTV	✓	✓	✓ ²⁴⁹	X
 DISH NETWORK	✓	✓	✓	X

FIGURE 13: SELF-SERVICE OPTIONS²⁵⁰

²⁴⁸ Comcast allowed customers to submit an email request to cancel services online, after which they received a call from an agent to process the disconnection of services. Comcast characterized this follow-up call as basic and intended to prevent fraudulent activity and the unauthorized cancellation of services that may have served life-saving or other critical purposes. Letter from Reginald J. Brown, Counsel for Comcast, to Chairman Portman and Ranking Member McCaskill (May 17, 2016).

²⁴⁹ DirecTV said that customers could downgrade packages online through self-service, so long as the packages did not include premium channels. In addition, officials noted that customers who wanted to remove premiums or cancel a line of business had to call so that DirecTV could “understand their issues and craft tailored solutions to meet their individual needs.” Email from William Clarkson, Counsel for DirecTV, to Subcommittee (June 20, 2016) (“DTV-PSI Minority Report Response Submission”).

If a cable or satellite customer indicates that they were interested in disconnecting their service, the call was routed to a retention agent. For example, a customer may have selected the option to cancel their service through the automated phone system and be routed directly to retention, or a customer service agent may have determined that the customer should be transferred to retention (for example, if the customer needed to lower the price or disconnect service).²⁵¹

Cable and satellite providers trained their retention agents to try and prevent the customers from cancelling their service and to minimize revenue loss if the customers decided to stay. To accomplish this goal, retention agents underwent special training in which they learned: (1) to engage in a conversation with the customer that allows the agent to determine why the customer wants to cancel; (2) to emphasize the “value” of the service; (3) to present offers in an attempt to keep the customer from canceling; and (4) to overcome objections from customers that are not interested in discussing their reasons for canceling as well as customers that do not accept the offers proposed by the agent.

The cable and satellite providers stated that there were benefits for customers associated with the retention process, such as enabling the provider to help customers by educating them about their services or addressing problems with the service;²⁵² ensuring customers received important disclosures about early termination fees;²⁵³ and giving the provider insight into the customers’ needs.²⁵⁴

²⁵⁰ For the purposes of this chart, we are using the term downgrade to mean changing to a less expensive package option or dropping a service (phone, Internet, or television) from a package rather than canceling a premium channel or ancillary service. Some providers allowed customers to cancel add-ons, such as HBO or Showtime. Letter from Brian A. Benczkowski, Counsel for Charter, to Chairman Portman and Ranking Member McCaskill (May 17, 2016); Charter Home Page (<https://www.charter.com/browse/content/charter-home>); Chat Transcript between Charter and Crystal Huggins (June 6, 2016) chat transcript (on file with Subcommittee); Comcast: Xfinity, *Product Overview Page* (<http://www.xfinity.com/corporate/shop/productoverview.html>); Xfinity, *Cancel Service Page* (<http://customer.xfinity.com/help-and-support/internet/cancel-my-xfinity-services/>); Letter from Reginald J. Brown, Counsel for Comcast, to Chairman Portman and Ranking Member McCaskill (May 17, 2016); Time Warner Cable, *Cancel Service Page* (<http://www.timewarnercable.com/en/support/faqs/faqs-account-and-billing/move-or-transfer-service/how-do-i-make-changes-to-my-ti.html>); Time Warner Cable, *Service Page* (<http://www.timewarnercable.com/en/residential.html>); Letter from Michael D. Bopp, Counsel for Time Warner Cable, to Chairman Portman and Ranking Member McCaskill (May 27, 2016); DirecTV, Home Page (<http://www.directv.com/>); DirecTV, *Change Package Page* (https://support.directv.com/app/answers/detail/a_id/1589/~/-/change-your-directv-programming-package); Permanent Subcommittee on Investigations, Interview of DirecTV Customer Service officials (May 25, 2016); DishHome Page (<http://www.dish.com>) Permanent Subcommittee on Investigations, Interview of Dish Customer Service officials (May 12, 2016); Permanent Subcommittee on Investigations, Call with Counsel for Dish (June 10, 2016).

²⁵¹ Permanent Subcommittee on Investigations, Interview of Time Warner Cable Customer Service officials (Oct. 30, 2015); Permanent Subcommittee on Investigations, Interview of Charter Customer Service officials (Nov. 16, 2015); Email from Sarah Leggin, Counsel for Dish, to Subcommittee (June 7, 2016) (“De Escalation Portal”); Permanent Subcommittee on Investigations, Interview of Comcast Customer Service and Retention Agents (Jan. 8, 2016); DTV-PSI-0090497.

²⁵² Permanent Subcommittee on Investigations, Interview of Charter officials (Nov. 6, 2015); Permanent Subcommittee on Investigations, Interview of Comcast officials (Sep. 25, 2015); Permanent Subcommittee on Investigations, Interview of DirecTV Customer Service officials (May 25, 2016).

²⁵³ Permanent Subcommittee on Investigations, Interview of Dish Customer Service officials (May 12, 2016).

Providers “Probe” Customers about Reasons for Canceling Service: Retention agents worked to gather information from customers about their use of the service and why they wanted to cancel. This helped inform the retention agents’ later efforts to present an offer that would prevent the customer from disconnecting the service. For example, agents asked about the customers’ favorite television shows,²⁵⁵ what parts of the service they enjoyed,²⁵⁶ why they want to leave,²⁵⁷ and specifics about competitors’ offers.²⁵⁸ DirecTV was unique in that it had its retention agents practice asking up to five questions to get at the true root cause of a customer’s desire to disconnect.²⁵⁹

The cable and satellite providers acknowledge that some customers may not want to discuss their reasoning, and simply want to disconnect the service—and they trained their agents on how to collect this information without the customers’ being aware that they were doing so. For example, Dish training documents note that, “[u]sing an effective transition statement to lead into probing will prevent disconnecting customers from realizing you are working to save them,”²⁶⁰ and “you will generally be able to get the customer to tell you about their service or vent by making it seem that this is a normal process.”²⁶¹ As discussed in prior sections, some providers also trained their agents to pick up on potential selling points through casual conversations and background clues (for example, the sound of children playing, which could lead the agent to focus on family-friendly programming).²⁶²

While Time Warner Cable, Comcast, and Charter said that agents should ask the customers if they would be willing to answer questions,²⁶³ some cable and satellite providers also trained their retention agents to continue the probing process after customers indicated they did not want to answer questions and simply wanted to disconnect their service. Time Warner Cable, DirecTV, and Dish had their agents practice

²⁵⁴ Permanent Subcommittee on Investigations, Interview of Time Warner Cable officials (Oct. 30, 2015); Permanent Subcommittee on Investigations, Interview of Dish Customer Service officials (May 12, 2016).

²⁵⁵ CHTR-MVPD-PSI-00013098.

²⁵⁶ TWC_00001114.

²⁵⁷ COMCAST-PSI-00011302.

²⁵⁸ DISH-PSI2015Nov-000421423.

²⁵⁹ DTV-PSI-0089914. DirecTV characterized this process as working to get to “the root cause of a customer’s problem so that it can be resolved.” Email from William Clarkson, Counsel for DirecTV, to Subcommittee (June 20, 2016) (“DTV-PSI Minority Report Response Submission”).

²⁶⁰ DISH-PSI2015Nov-000425336.

²⁶¹ DISH-PSI2015Nov-000421425.

²⁶² COMCAST-PSI-00011120. Charter directed its agents to get a sense of the customer’s “strengths,” “weaknesses,” and “emotions,” among other things. CHTR-MVPD-PSI-00000363.

²⁶³ TWC_00001081; COMCAST-PSI-00011220; CHTR-MVPD-PSI-00013091.

overcoming objections from customers, such as, “Please disconnect me today. I don’t want to go into detail,”²⁶⁴ “I don’t want to answer any questions just disconnect my services,”²⁶⁵ and “Just cancel the service.”²⁶⁶ A DirecTV official stated that an agent would be expected to continue asking questions after a customer indicated that he or she did not want to answer questions, and confirmed that conflict avoidance is not a valid reason for failing to make a save attempt.²⁶⁷ Similarly, when training its retention agents to ask customers why they want to cancel service, Charter noted that agents should continue asking questions after a customer has indicated that their reason for disconnecting is “none of [the agent’s] business.” Charter’s training document continued by asking the representative: “Do you think that a customer may actually tell you that it’s none of your business?” and then noting that, “[t]his happens quite frequently.”²⁶⁸

Cable companies provided written and verbal statements to the Subcommittee stating that their agents should comply with customers’ requests when the customer indicated that they did not want to discuss their reasons for disconnecting. Specifically, Time Warner Cable officials told the Subcommittee that if a customer wants to disconnect and does not want to discuss why, the company will honor that request.²⁶⁹ In written correspondence to the Subcommittee, Charter noted that if a customer did not want to discuss their reasons for disconnecting, the agent would honor that request.²⁷⁰

In a September 2015 interview with the Subcommittee, Comcast stated that even in situations in which a customer did not want to discuss his or her reasons for canceling, agents would be expected to attempt to save the customer if the problem was related to a solvable problem, such as a billing or repair issue.²⁷¹ Attorneys representing Comcast later said that Comcast officials did not state that “save attempts would be expected even when a customer did not wish to discuss their reasons for cancelling, and if they had done so, they would have been incorrect.”²⁷² However, the Subcommittee found retention training documents advising that, “You may not always be successful the first time you ask why a customer is leaving. It’s okay to respond to customer questions or issues and then try to ask a question again.”²⁷³

²⁶⁴ DISH-PSI2015Nov-000437649. See other examples at: DISH-PSI2015Nov-000411080 –084.

²⁶⁵ TWC_ 00001571.

²⁶⁶ TWC_ 00001155; DTV-PSI-0075501.

²⁶⁷ DTV-PSI-0074661; Permanent Subcommittee on Investigations, Interview of DirecTV Customer Service officials (May 25, 2016).

²⁶⁸ CHTR-MVPD-PSI-00004843.

²⁶⁹ Permanent Subcommittee on Investigations, Interview of Time Warner Cable Customer Service officials (Oct.30, 2015).

²⁷⁰ Letter from Brian A. Benczkowski, Counsel for Charter, to Chairman Portman and Ranking Member McCaskill (Nov. 5, 2015).

²⁷¹ Permanent Subcommittee on Investigations, Interview of Comcast Customer Service officials (Sep. 25, 2015).

²⁷² Letter from Reginald J. Brown, Counsel for Comcast, to Chairman Portman and Ranking Member McCaskill (June 19, 2016).

²⁷³ COMCAST-PSI-00011133.

Regardless, following interviews with the Subcommittee, Comcast informed the Subcommittee in February 2016 that Comcast updated its training and call evaluation guidance to note that agents would not be penalized in their call evaluations for complying when the customer indicated he or she did not want to discuss their reasons for disconnecting.²⁷⁴ In its internal document explaining this change to retention agents, Comcast noted that some customers may not want to answer questions about why they want to disconnect services, and may see such inquiries “as a hassle or a barrier to disconnecting their service.”²⁷⁵ Comcast instructed its agents to “exercise [their] best judgement” on how to handle these customers.²⁷⁶

Providers Attempt to “Overcome Objections” From Customers Trying to Cancel Services. After collecting information from the consumer as to why they were disconnecting their service, retention agents were supposed to attempt to “save” the customer, which could include addressing a service problem, offering a different package, or providing a discounted price.

All of the cable and satellite providers trained their agents to attempt to persuade their customers not to cancel their service.²⁷⁷ As written in a Time Warner Cable training document, “One of the most challenging things about being a retention agent is that to be successful, you have to do the opposite of what the customer is calling in for. If the customer is calling into cancel, your goal is to not cancel the services! And if the customer wants to lower the bill, you’re going to try to avoid that, and perhaps even raise the bill!”²⁷⁸ Time Warner Cable also tells its agents that “[m]any customers will say no, but it is up to you to change their mind.”²⁷⁹ DirecTV training documents note that “objections are simply needs that have not been met,” and “[c]ustomer objections are really just opportunities to further educate them.”²⁸⁰ Dish states that “objections are not the end of the conversation.”²⁸¹ **See Figure 14.**

²⁷⁴ COMCAST-PSI-00011586; Email from David Gringer, Counsel for Comcast, to Subcommittee (Feb. 16, 2016).

²⁷⁵ COMCAST-PSI-00011586.

²⁷⁶ COMCAST-PSI-00011585.

²⁷⁷ CHTR-MVPD-PSI-00000562; CHTR-MVPD-PSI-00000462; COMCAST-PSI-00011221; DTV-PSI-0027456, 465; Dish- PSI2015Nov – 000421537.

²⁷⁸ TWC_ 00001391. Emphasis original.

²⁷⁹ TWC_ 00001431.

²⁸⁰ DTV-PSI-0027456; *see also* DTV-PSI-0089937; DTV-PSI-0090315.

²⁸¹ DISH-PSI2015Nov-000412826 –832.

FIGURE 14: DISH RETENTION TRAINING ON OVERCOMING OBJECTIONS²⁸²



Retention agents were expected to make repeated offers to save the customer. For example, some of the providers used retention call flowcharts that did not even include a step for complying with the customers' request to disconnect the service.²⁸³ Several providers trained their agents that if the customer objected to a retention agent's first offer, the agent should start the process over again. For example, a Dish training document describes a scenario in which a customer has objected to the solution being offered by the agent. The training instructs the agent to again attempt to overcome the objection and move the call forward by assuming the customer agrees, and if the customer objects a second time, the agent should "start the process over."²⁸⁴ Dish also notes that using a phrase that assumes the customer agrees "lessens the opportunity for customers to object" to the offer.²⁸⁵ Similarly, Charter training documents noted that retention agents were supposed to make at least two save attempts and explain that if a customer was not in agreement, they should start the process over (Charter clarifies that, "[w]e will not need to start from square one, but we will need to overcome some hesitations before

²⁸² DISH-PSI2015Nov-000438093, at slide 3.

²⁸³ TWC_00001081; COMCAST-PSI-00011314 -315; CHTR-MVPD-PSI-00000337. Charter later updated its flowchart to include allowing the customer to disconnect. CHTR-MVPD-PSI-00013028.

²⁸⁴ DISH-PSI2015Nov-000438097 - 100.

²⁸⁵ DISH-PSI2015Nov-000421448.

moving to an agreement.”)²⁸⁶ In its training documents, Comcast instructed retention agents who were speaking with a customer that was undecided about whether to stay with Comcast to “make every possible effort to keep the customer on the line until a decision is made.”²⁸⁷

Cable and satellite providers specifically trained their retention agents to undermine customers’ reasons for disconnecting their service.²⁸⁸ If a customer expressed interest in switching to a competing provider’s service, DirecTV agents were trained to “create fear, uncertainty and doubt about switching.”²⁸⁹ Similarly, Comcast trained agents to ask questions that “plant a seed of doubt in the customer’s mind.”²⁹⁰ If customers indicated the price is the reason they were disconnecting their service, retention agents are encouraged to uncover the “real” or underlying reason for why the customer wanted to cancel their service. Some providers placed an emphasis on shifting the conversation away from price,²⁹¹ with some instructing agents to avoid “trap” words, such as “basic,” “deal,” “discount,” “cheaper,” “lower,” “rate increase,” or a specific price.²⁹² Instead, retention agents encouraged customers to think of “value,” or the presented benefits of the provider’s service.²⁹³ In some cases, this focus on the value of the service could lead to retention agents proposing that the customer add services, rather than drop them, so that customers may feel that a higher price is justified because of the additional services they were receiving.²⁹⁴

Retention agents were equipped with extensive information regarding the other providers and the customers themselves to assist the agents in overcoming customers’ objections. Every provider maintained systems that allowed retention agents to compare the various promotional offers, packages, and prices of competitors, so that they can highlight their provider’s benefits, identify hidden fees in competitors’ offers, and conduct in-depth price comparisons based on how long the customer kept the

²⁸⁶ CHTR-MVPD-PSI-00012853; CHTR-MVPD-PSI-00004959.

²⁸⁷ COMCAST-PSI-00011162.

²⁸⁸ DirecTV and Comcast objected to the use of the word “undermine.” DirecTV stated that “DirecTV trains its call center agents to work with the customer to determine the root cause of the service issue and then provide him or her with the optimal solution.” Email from William Clarkson, Counsel for DirecTV, to Subcommittee (June 20, 2016) (“DTV-PSI Minority Report Response Submission”). Comcast stated that, “Comcast trains its representatives to discuss customer needs and address them.” Letter from Reginald J. Brown, counsel for Comcast, to Chairman Portman and Ranking Member McCaskill (June 18, 2016).

²⁸⁹ DTV-PSI-0075433, at slide 6. This 2011 training document is no longer in use.

²⁹⁰ COMCAST-PSI-00011130.

²⁹¹ TWC_00001433.

²⁹² TWC_00001483 –484; TWC_00001087, COMCAST-PSI-00011219.

²⁹³ CHTR-MVPD-PSI-00004941 –942.

²⁹⁴ CHTR-MVPD-PSI-00000562; TWC_00001079.

service.²⁹⁵ Both Dish and DirecTV assigned customers various rankings based on their value to the company, and this could affect the amount of credits a retention agent could offer the customer, and in Dish's case, the routing of the customer's call.²⁹⁶ In its training documents, Time Warner Cable provides two examples of customers, one with a \$250 package and one with a \$15 package to point out that, while they "would hate to see either customer go...it's easy to see that...Customer A will impact the bottom line more than Customer B."²⁹⁷

Retention agents were able to offer various credits, discounts, or special packages to the customer, many of which were not available to regular customer service agents.²⁹⁸ In some cases, this led to situations in which customers had to aggressively negotiate to get the best deal the provider would offer. In the case of Time Warner Cable, agents could offer up to four different prices for a package, depending on how much a customer continued to push on price.²⁹⁹ In interviews with Time Warner Cable retention agents, they indicated that if asked by a customer whether an offer was the best price available, the agents would respond that it was the best price available at that time, despite the fact that if the customer pushed again, a lower price would be offered.³⁰⁰ Time Warner Cable officials said that the offer sheet helped agents maneuver through various package and price offers for customers.³⁰¹ Time Warner Cable retention agents said that it could take 10-15 minutes for a customer to negotiate to a lowest-tier offer.³⁰²

Other providers similarly trained their agents on negotiating with customers. Dish stated that agents should attempt to satisfy customers with "lesser" offers first, because "keeping higher offers in reserve will allow you to come back with a better offer."³⁰³ DirecTV noted in its training that "more often than not, the customer will expect to negotiate. Don't lay all your cards on the table at once, because the

²⁹⁵ CHTR-MVPD-PSI-00000546; TWC_ 00001187; DISH-PSI2015Nov-000421452; COMCAST-PSI-00011240; DTV-PSI-0090473.

²⁹⁶ DISH-PSI2015Nov-000419837; DISH-PSI2015Nov-000437188; DTV-PSI-0089753-54; DIRECTV DTV-PSI-0093560. Both providers said that agents should never discuss the customer's value ranking with them. DISH-PSI2015Nov-000419837; DTV-PSI-0089753-54. DirecTV officials stated that DirecTV planned to stop using the ranking system in February 2017. Permanent Subcommittee on Investigations, Interview of DirecTV Customer Service officials (May 25, 2016).

²⁹⁷ TWC_ 00001393 .

²⁹⁸ CHTR-MVPD-PSI-00004133 -134; CHTR-MVPD-PSI-00013139; DTV-PSI-0089924; DTV-PSI-0089930; DISH-PSI2015Nov-000421462.

²⁹⁹ TWC_ 00001214; TWC_00001412; TWC_00001077 -078 .

³⁰⁰ Permanent Subcommittee on Investigations, Interview of Time Warner Cable retention agents (Feb. 4, 2016).

³⁰¹ *Id.*

³⁰² *Id.*

³⁰³ DISH-PSI2015Nov-000421467.

customer will think you are holding something back and he/she will be able to get more.”³⁰⁴ In addition, as noted below, some providers evaluated an agent’s performance based on their ability to minimize revenue losses to the provider.³⁰⁵

Agent Incentives Encourage “Saving” and Selling. Cable and satellite providers evaluated and compensated retention agents based on their efforts to save customers. Specifically, these companies evaluated and scored an agent’s retention calls based on a number of factors, including whether the agent asked questions about the customers’ decision to disconnect or downgrade services, attempted to add or maintain existing services to the account, and attempted to overcome customers’ objections.³⁰⁶ As part of their internal review process, companies selected a sample of calls to evaluate. Charter would “auto fail” an agent if an agent failed to make a sales attempt.³⁰⁷ Comcast’s call evaluation guidance stated that agents who did not make an offer, attempt to overcome objections, or ask for a sale would be ranked as “below expectations” and receive no points for that portion of the call.³⁰⁸ DirecTV’s 2015 training specified, “Failure to make a valid save attempt on every call can result in progressive counseling, up to and including termination. Every ... call, regardless of the scenario, represents a save and/or opportunity to prevent a future ‘shopper.’”³⁰⁹

In addition, Charter’s retention training documents highlight the need to include upselling as part of the retention discussion. Specifically, Charter’s training documents state that the retention process was designed to keep existing customers by “ensuring that we understand why the customer wants to leave and whether or not their service meets their service needs. That being said, we certainly want to continue to position products and services and up sell as necessary to ensure the customer has the best value for their money.”³¹⁰

³⁰⁴ DTV-PSI-0089936.

³⁰⁵ CHTR-MVPD-PSI-00000642; COMCAST-PSI-00011327 – 331; TWC_ 00000729; TWC_ 00000716; DISH-PSI2015Nov-000470356, 358, 361.

³⁰⁶ CHTR-MVPD-PSI-00012847 –450; COMCAST-PSI-00011821 –824.

³⁰⁷ Auto-failing a call means that the agent receives a score of zero for the call, and their leadership is notified. CHTR-MVPD-PSI-00012762.

³⁰⁸ COMCAST-PSI-00011570 – 571. As previously described, Comcast updated its guidance regarding how to handle retention calls in which the customer does not want to discuss their reasons for disconnecting. In its notice to agents, Comcast stated that they will not be evaluated on items such as making an offer, overcoming objections, or asking for the sale if the customer does not want to discuss their reasons for disconnecting. COMCAST-PSI-00011586.

³⁰⁹ DTV-PSI-0075511.

³¹⁰ CHTR-MVPD-PSI-00000553.

Retention agents' compensation focused on their ability to save customers, upsell services, and retain revenue for the provider. Commissions were often based on the percentage of customers or revenue retained by the agents.³¹¹

Commissions can also be a significant portion of the retention agents' salary. Commissions range from approximately 25% to 40% of retention agents' salaries at Charter,³¹² Comcast,³¹³ Time Warner Cable,³¹⁴ and DirecTV.³¹⁵ Agents and officials from the cable providers in our investigation confirmed that retention agents could access their performance metrics in real-time, creating an environment that further emphasized their need to retain customers.³¹⁶

After a customer successfully canceled his or her services, cable and satellite providers could continue their efforts to retain the customer. For customers remaining in the service area, the providers continued their efforts to retain or win back the customer. For example, DirecTV had a program to assist recently disconnected customers in a way that made them more likely to return to DirecTV in the future.³¹⁷ Agents that were calling as part of the program to win back previous customers were instructed: "Do not let them off your line without setting up service."³¹⁸ Similarly, in 2013, Charter outlined a program that made seven contacts with a customer more than 11 months after they had disconnected service.³¹⁹ Cable providers even worked to ensure that customers moving out of a providers' service area remained cable customers. Specifically, all of the cable providers in this review directed consumers moving out of their

³¹¹ CHTR-MVPD-PSI-00000654; COMCAST-PSI-00011327 – 331; TWC_ 00000716; Letter from Michael D. Bopp, Counsel for Time Warner Cable, to Chairman Portman and Ranking Member McCaskill (June 15, 2016); DTV-PSI-0075538 – 539; DISH-PSI2015Nov-000470356, 358, 361.

³¹² Permanent Subcommittee on Investigations, Interview of Charter officials (Nov. 6, 2015).

³¹³ COMCAST-PSI-00011350; COMCAST-PSI-00011374. Permanent Subcommittee on Investigations, Interview of Comcast officials (Sep.25, 2015); Letter from Reginald J. Brown, Counsel for Comcast, to Chairman Portman and Ranking Member McCaskill (June 18, 2016).

³¹⁴ Permanent Subcommittee on Investigations, Interview of Time Warner Cable Officials, (Oct. 30, 2015).

³¹⁵ Permanent Subcommittee on Investigations, Interview of DirecTV Customer Service officials (May 25, 2016).

³¹⁶ Permanent Subcommittee on Investigations, Interview of Time Warner Cable Retention Agents, (Feb. 4, 2016); Permanent Subcommittee on Investigations, Interview of Comcast Retention Agent (Jan. 8, 2016); Permanent Subcommittee on Investigations, Interview of Charter Retention Agents (Jan. 11, 2016).

³¹⁷ DTV-PSI-0039716.

³¹⁸ DTV-PSI-0030695.

³¹⁹ CHTR-MVPD-PSI-00014891.

service area to a “movers hotline,” that only informed consumers about their cable options in the new area (not options from satellite or telco competitors).³²⁰

Similar Tactics for Customers Who Want to Downgrade Service. Customers who were attempting to downgrade their service faced many of the same hurdles as those attempting to disconnect. Customers that wanted to downgrade usually had call and speak to an agent. If customers stated that they wanted to downgrade (lower the price or change the package) or drop a service from their account (for example, removing phone, television, internet service, or, in some cases, a premium package), they may have been transferred to retention to go through the same negotiation process as customers that attempted to disconnect their service. The exception was Dish, which allowed customers to downgrade packages online³²¹ and made a conscious decision to allow customers to downgrade premiums online, despite internal analyses that noted that this policy put it at a competitive disadvantage to DirecTV.³²² **See Figure 15.**

DirecTV officials confirmed that to remove premiums or cancel a line of business, DirecTV asked customers to call so that DirecTV can “understand their issues and craft tailored solutions to meet their individual needs.”³²³ DirecTV said that customers could downgrade packages online through self-service, so long as the packages did not include premium channels.³²⁴ Time Warner Cable and Charter confirmed that customers could not downgrade online.³²⁵ On June 15, 2016, Comcast informed the Subcommittee that customers in Comcast’s central region can remove premium channels online and it was working on expanding self-service options to allow customers to downgrade to a less expensive tier and drop certain services.³²⁶

³²⁰ CHTR-MVPD-PSI-00000340; COMCAST-PSI-00011238; TWC-00011219.

³²¹ Permanent Subcommittee on Investigations, Call with Jeff Blum, Counsel for Dish Network (June 15, 2016).

³²² DISH-PSI2015Nov-000470289, at slide 17.

³²³ Email from William Clarkson, Counsel for DirecTV, to Subcommittee (June 20, 2016) (“DTV-PSI Minority Report Response Submission”).

³²⁴ *Id.*

³²⁵ Letter from Brian A. Benczkowski, Counsel for Charter, to Chairman Portman and Ranking Member McCaskill (June 14, 2016); Letter from Michael D. Bopp, Counsel for Time Warner Cable, to Chairman Portman and Ranking Member McCaskill (June 15, 2016).

³²⁶ Letter from Reginald J. Brown to Chairman Portman and Ranking Member McCaskill (June 15, 2016).

FIGURE 15: INTERNAL DISH COMPETITIVE COMPARISON³²⁷

Premiums: DTV vs. Dish



Area	Comparison		Win/Lose vs. DIRECTV		Recommendations	Implications
	DISH	DirecTV	W	L		
ARPU focus by Customer Service & Self service Tools	<ul style="list-style-type: none"> Dish allows customers to downgrade across tools, including tools where we have no ability to present an up-sell or retention offer 	<ul style="list-style-type: none"> DTV only allows a customer a downgrade path through avenues/tools where a retention or up-sell offer can be made Very specialized agents 		✓	<ul style="list-style-type: none"> Only allow customers to downgrade through systems with the ability to present offers Improve downgrade call routing/training Add targeted saves/offers to web and STB (June) 	<ul style="list-style-type: none"> Improved ARPU and customer tenure Improved agent performance and AHT
Upsell & Retention Tactics	Comparison		Win/Lose vs. DIRECTV		Recommendations	Implications
	DISH	DirecTV	W	L		
Upsell & Retention Tactics	<ul style="list-style-type: none"> Dish is primarily focused on resolving customer issues Agents try to “feel out” the customer to determine which offer or product to pitch 	<ul style="list-style-type: none"> DTV pushes upsell aggressively DTV agents use a recommendation engine which prompts them to sell targeted products 		✓	<ul style="list-style-type: none"> Integrate recommendation functionality in agent tools 	<ul style="list-style-type: none"> Increased ARPU and retention Maintain competitive parity Improved CSR performance

Cable and satellite providers trained their retention agents to minimize downgrades and the associated loss of revenue by following a step-down process in which the offers made to the customer progressed in a stair step fashion, with the offer that had the greatest financial impact on the provider last on the list. Time Warner Cable’s training documents noted that in the case of disconnection or downgrade requests, the best possible outcomes for the call were (in order): (1) to add services and generate more revenue off the account; (2) keep the same services or amount of recurring revenue on the account; and (3) lose as few services or revenue as possible.³²⁸ See Figure 16. Time Warner Cable did this through an eight-step strategy that began with saving the customers with no change to their account and ended with the agent agreeing to drop a service from the account—with one of the steps in the middle including a proposal that additional service be added to the account.³²⁹ Similarly, Charter provided a step-down offer strategy to its retention agents that started with increasing revenue by upselling or maintaining revenue by keeping the customer from changing their account, followed by offering free upgrades, then a retention offer that discounted the service, with the last step – only offered by Charter’s retention agents –

³²⁷ DISH-PSI2015Nov-000470289. ARPU, or, Average Revenue Per User or Unit is an industry term referring the monthly recurring revenue per user or unit. AHT refers to the average handle time of the call.

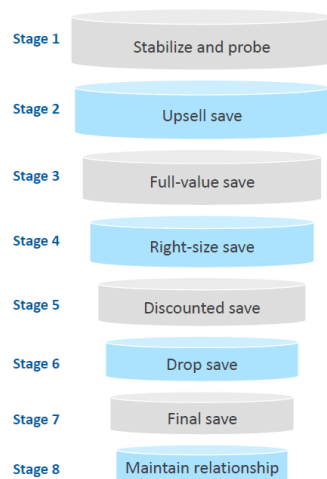
³²⁸ TWC_ 00001101.

³²⁹ TWC_ 00001120.

proposing less expensive, limited-channel packages.³³⁰ Charter’s training also included a scenario in which retention agents suggested an offer that costed more money than a customer’s existing package.³³¹ Dish’s training documents emphasized that “agents should not just comply with customer requests to remove programming; this is bad for DISH and bad for the customer.”³³² A DirecTV training noted that if a customer called to remove premium programming from their account, an agent may respond, “I’m shocked to hear you want to cancel those services,” and “...most of our customers can’t live without Starz, HBO, etc.”³³³ DirecTV also noted that agents should follow a “step down” process, in order to “retain as much DirecTV base package revenue as possible and to ensure the customer is getting all of his/her favorite programs/channels in the right-sized package.”³³⁴ An evaluation of a Comcast retention agent stated that the agent should continue with a top-down approach, as this saves revenue on all calls.³³⁵

FIGURE 16: TIME WARNER CABLE TOP-DOWN APPROACH³³⁶

What is your strategy?



³³⁰ CHTR-MVPD-PSI-00013139; Permanent Subcommittee on Investigations, Interview of Charter Customer Service officials (May 31, 2016).

³³¹ CHTR-MVPD-PSI-00000562.

³³² DISH-PSI2015Nov-000412826.

³³³ DTV-PSI-0090225.

³³⁴ *Id.*

³³⁵ COMCAST-PSI-00015820.

³³⁶ TWC_00001120

Providers' Efforts to Address Customer Service

Cable and satellite providers have publicly acknowledged their customer service problems. In 2015, Michael Powell, the chair of the National Cable and Telecommunications Association, stated to the Washington Post that, "[c]ustomer service right now is completely unacceptable."³³⁷ During a Senate hearing on the proposed Comcast-Time Warner Cable merger in 2014, Comcast Executive Vice President David Cohen and Executive Vice President and Chief Financial Officer Arthur Minson submitted joint testimony stating that they knew they had to continue to focus on improving the company's customer service.³³⁸ During an earnings call in February 2015, Dish executives admitted that customer service problems had caused the company to lose subscribers.³³⁹ Charter Chief Executive Officer Tom Rutledge stated that after the Time Warner Cable-Charter merger, his first priority was to improve service for his customers.³⁴⁰ In 2012, the former Chief Executive Officer of DirecTV, Mike White, stated during an interview that it was common knowledge that the pay television industry has poorly rated customer service.³⁴¹

In addition, it is clear from documents submitted by most of the companies that they took steps to assess customer satisfaction and address pain points.³⁴² Comcast and DirecTV in particular submitted documents that showed an in-depth analysis of problems affecting customers and proposed solutions for addressing them.³⁴³

Cable and satellite providers have also released advertisements and public plans to tell consumers that they know customer service is a major problem for consumers and developed plans to address these problems.

³³⁷ *Top cable lobbyist: 'Customer service right now is completely unacceptable'*, WASHINGTON POST (Feb. 13, 2015) (online at <https://www.washingtonpost.com/news/the-switch/wp/2015/02/13/top-cable-lobbyist-customer-service-right-now-is-completely-unacceptable/>).

³³⁸ United States Senate Committee on the Judiciary, Testimony of David L. Cohen, Executive Vice President, Comcast Corporation, and Arthur T. Minson, Jr., Executive Vice President and Chief Financial Officer, Time Warner Cable Inc., at 24, Hearing on The Impact of the Comcast-Time Warner Cable Merger on American Consumers, 113th Cong. (Apr. 9, 2014), (online at <https://www.judiciary.senate.gov/imo/media/doc/04-09-14CohenMinsonJointTestimony.pdf>).

³³⁹ *Dish Network (DISH) Q4 Results Improve But Subscriber Losses Increase*, BUSINESS FINANCE NEWS, (Feb. 23, 2015) (online at <http://www.businessfinancenews.com/21691-dish-network-dish-q4-results-improve-but-subscriber-losses-increase/>).

³⁴⁰ *For TWC Customers, Charter CEO Says Main Goal is 'Improve Service'*, NY1 (May 18, 2016) (online at <http://www.ny1.com/nyc/all-boroughs/news/2016/05/18/charter-ceo-tom-rutledge---we-want-to-improve-service--for-twc-customers.html>).

³⁴¹ *Steering DirecTV Right: Q&A with Mike White*, MULTICHANNEL NEWS (Dec. 21, 2012) (online at <http://www.multichannel.com/news/finance/steering-directv-right-qa-mike-white/271664>).

³⁴² DTV-PSI-0051926, at slides 2, 14, and 16; DTV-PSI-0039672; CHTR-MVPD-PSI-00014760; COMCAST-PSI-00012176; COMCAST-PSI-00012196; TWC_00017588; Email from Sarah Leggin, Counsel for Dish, to Subcommittee (June 7, 2016) ("CSC Financial Review - November 2015", slides 2, 7); DTV-PSI-0093786; DTV-PSI-0093697; CHTR-MVPD-PSI-00014772.

³⁴³ DTV-PSI-0051926, at slides 2, 14, and 16; DTV-PSI-0039672; COMCAST-PSI-00012176; COMCAST-PSI-00012196; DTV-PSI-0093786; DTV-PSI-0093697.

In 2015, Time Warner Cable placed an ad in *The Plain Dealer* that publicly acknowledged consumers' concerns with Time Warner Cable's product.³⁴⁴ The ad used statements that declared, "It's about time," acknowledged its low customer satisfaction rating, and stated that it wants to get better.³⁴⁵ Time Warner Cable has also recently released TV ads based on the slogan "Changing for Good," in which the ads claim that Time Warner Cable will work on improving its customer service efforts.³⁴⁶ In 2016, Time Warner Cable launched a pilot of a tool that allowed customers to track their technician in real time.³⁴⁷ Time Warner Cable also provided the Subcommittee examples of its efforts to hire additional customer service agents, launch an online care team, and provide one-hour arrival windows for technician and repair appointments in certain areas.³⁴⁸

In 2015, Comcast released a plan to improve its customer service efforts by hiring more customer service agents, taking steps to increase customers' understanding of their bills, creating technology to help its customers monitor technicians' time-of-arrival, and investing in a better billing system.³⁴⁹ In addition, in documents provided to the Subcommittee, Comcast outlined \$553 million in incremental spending it plans to invest in 2016 for initiatives to improve the customer experience, such as removing fees for customers who do not successfully self-install their service; bill redesigns; investing in critical network facilities; and improving technical visits, among other things.³⁵⁰

In 2014, Charter highlighted efforts to reduce outsourcing of customer service functions.³⁵¹ Charter outlined \$84 million in capital expenses for customer-service related initiatives in 2015, including improving the tools available to customer service agents (for example, enabling them to see recent customer activity on a variety of company channels, such as email, chat, and the interactive voice

³⁴⁴ *Time Warner Cable addresses customer complaints in new ad campaign*, THE PLAIN DEALER (Oct. 4, 2015) (online at http://www.cleveland.com/metro/index.ssf/2015/10/time_warner_cable_addresses_cu.html).

³⁴⁵ *Id.*

³⁴⁶ *Time Warner Cable Admits Its Past Sins, and Vows to Be Better, in DDB's Comic Spots 'If we can change, then so can you!'* ADWEEK (May 3, 2016) (online at <http://www.adweek.com/news/advertising-branding/time-warner-cable-apologizes-its-own-notorious-customer-service-first-campaign-ddb-171205>).

³⁴⁷ www.timewarnercable.com/content/twc/en/about-us/press/twc-customers-can-soon-get-a-glympse.html

³⁴⁸ TWC_00000020, 022; 024; 028

³⁴⁹ *Comcast's Plan to Dominate the Cable Industry Failed, So It Might Start Being Nice to Customers Instead*, SLATE (May 6, 2015) (online at http://www.slate.com/blogs/moneybox/2015/05/06/comcast_customer_service_turnaround_plan_show_up_on_time_after_failed_merger.html); COMCAST-PSI-00000103; COMCAST-PSI-00000112; COMCAST-PSI-00000120; COMCAST-PSI-00000094; COMCAST-PSI-00000103.

³⁵⁰ COMCAST-PSI-00014236. Comcast spent over \$2 billion annually on customer service. Letter from Reginald J. Brown, Counsel for Comcast, to Chairman Portman and Ranking Member McCaskill (June 18, 2016).

³⁵¹ CHTR-MVPD-PSI-00000092.

response phone system).³⁵² Charter also described initiatives to immediately confirm a customer is satisfied before a technician leaves the home; implement one-hour appointment windows; create a self-help channel that would provide customers with help videos; make billing statements transparent; establish a Frequently Asked Questions page; and start an initiative to enable customers to select a preferred method of communication (such as email, text, or set-top messaging).³⁵³

DirecTV outlined a variety of past and current initiatives totaling about \$193 million in capital expenditures, including a simplified bill format intended to provide increased transparency with respect to the amount due, payment due date, changes since the prior bill, and when discounts may end.³⁵⁴

Dish also provided a list of various customer service initiatives being considered or planned for 2016, including improving sales disclosures, analyzing customers' pain points and what drives repeat calls, and providing courtesy calls.³⁵⁵ In 2015, Dish announced the launch of an online appointment tool called MyTech that provides customers with the picture, name, and the location of a Dish technician on the way to their home.³⁵⁶

These efforts to improve customer service have had some impact. In its 2016 report on customer satisfaction with various industries, the American Customer Satisfaction Index (ACSI) noted that customer satisfaction with subscription television service increased 3.2%; however, it "remains among the lowest-ranked industries covered by the ACSI," scoring "just slightly above last place Internet service providers for customer satisfaction."³⁵⁷ Specifically, while Comcast and Time Warner Cable saw significant gains in their 2016 scores, they remained below their industry average, and Charter's score declined.³⁵⁸ Dish's and DirecTV's Scores remained steady.³⁵⁹

³⁵² CHTR-MVPD-PSI-00040186.

³⁵³ *Id.*

³⁵⁴ DTV-PSI-0093563.

³⁵⁵ Email from Sarah Leggin, Counsel for Dish, to Subcommittee (June 7, 2016) ("CX Project List – 06.03.16").

³⁵⁶ <http://about.dish.com/press-release/products-and-services/dish-personalizes-customer-service-experience-my-tech>

³⁵⁷ ACSI Telecommunications Report 2016, American Customer Satisfaction Index (June 1, 2016), at 1-2.

³⁵⁸ DirecTV and Dish's scores remained steady. ACSI Telecommunications Report 2016, at 3.

³⁵⁹ ACSI Telecommunications Report 2016, at 3.