Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Video Device Competition	)	MB Docket No. 10-91
	)	
Implementation of Section 304 of the Telecommunications Act of 1996	)	
	)	
Commercial Availability of Navigation Devices	)	CS Docket No. 97-80
	)	
Compatibility Between Cable Systems and Consumer Electronics Equipment	)	PP Docket No. 00-67

COMMENTS OF MONTGOMERY COUNTY, MARYLAND

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July 13, 2010

EXECUTIVE SUMMARY

Montgomery County, Maryland largely supports the Commission's proposal to develop an "all video" or "AllVid" adapter as the successor technology to CableCARD, and we urge the Commission to bring immediate relief to consumers by adopting interim rules now to allow consumers to purchase their existing interactive set top box equipment.

In 1996, Congress required the Commission to enact regulations to create a competitive market for navigation devices, i.e., to create technical standards permitting equipment manufacturers to produce generic devices that would (1) contain all the features of cable set top boxes, (2) connect with any cable operator's system, and (3) be available for retail purchase. Technical standards have been slow to evolve and a retail market centered on CableCARD technology has failed to develop for a number of reasons. There were technical challenges, most notably concerning the ability of equipment to interact with the cable operator's system to allow consumers to enjoy popular features such as programming guides. In hindsight, it is fair to say that the Commission relied too heavily on the cable industry to voluntarily negotiate technical standards. There were also legal challenges from the cable industry that slowed the process. Thus, today the promise of retail competition for navigation devices remains unfulfilled and consumers continue to pay operators for these devices many times over through lease fees paid month after month, year after year without end.

In light of that history, even the most optimistic "AllVid" supporters must recognize that it will take many more years to develop and fully implement a successor technology. The Commission's recent experience with the DTV transition confirms we should anticipate delays, and demonstrates the complexity involved in employing new technology solutions, while preserving the functionality of critical viewer enhancements such as closed captioning. Thus, the County urges the Commission to act now to foster a retail market in existing interactive set top box devices and to provide immediate relief to consumers by mandating a "sale option" for such devices. A sale option would be fairly simple to implement; can potentially benefit millions of consumers who could realize savings in a matter of months by purchasing their device rather than continuing to lease; can aid the development of a retail market; and can be used to raise consumer awareness about the AllVid transition. A sale option is not a new idea – indeed the cable industry made such a proposal ten years ago – nor is it a perfect solution, but as an interim means to bring some relief to longsuffering consumers, it is a step well worth taking now.

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COMMENTS OF MONTGOMERY COUNTY, MARYLAND

Montgomery County, Maryland (the "County"), submits these comments in response to the Commission's Notice of Inquiry (the "NOI")[1] seeking comment on specific steps the Commission can take to promote competition in the retail market for set-top video devices that are compatible with services provided by multichannel video programming distributors ("MVPDs"). As described more fully below, the County largely supports the Commission's proposal to develop an "all video" or "AllVid" adapter as the successor technology to CableCARD. Even the most optimistic "AllVid" supporters, however, must recognize that it will take many years to develop and fully implement a successor technology. Therefore, the County urges the Commission to take steps in the interim to foster a transparent and competitive

[1] *In the Matter of Video Device Competition; Implementation of Section 304 of the Telecommunications Act of 1996; Commercial Availability of Navigation Devices; Compatibility Between Cable Systems and Consumer Electronics Equipment*, Notice of Inquiry, MB Docket No. 10-91, CS Docket 97-80, PP Docket 00-67, FCC 10-60 (rel. April 21, 2010) ("NOI").

market in existing interactive set top box equipment and to provide immediate relief to consumers by mandating a "sale option" for such existing equipment.

I. MONTGOMERY COUNTY SUPPORTS THE "ALLVID" CONCEPT BECAUSE THE MARKET HAS NOT PROVIDED CONSUMERS WITH ACCESS TO COMPETITIVELY PRICED NAVIGATION DEVICES.

As the Commission has observed in the NOI, nearly fifteen years after Congress enacted Section 629 of the Communications Act, and twelve years after the Commission adopted its first Report and Order to implement Section 629, the purpose of Section 629 remains unfulfilled.[2] The County believes that the principal reason that the CableCARD technology failed to spur the development of a robust retail market for navigation devices was that the technology was clearly an inferior alternative to leasing a set top box from the provider. The limitations of the technology itself, in particular the initial limited one-way capability which did not permit viewers access to the cable operator's programming guide, was a fatal flaw. The late development and limited applicability of bi-directional (interactive) capability such as the "tru2way" approach was too little, too late, to save CableCARD. The CableCARD experience shows that without fully functional alternatives available in the retail marketplace, the cable operator's set top box will always have an advantage. This is the true lesson of CableCARD, and the Commission must be careful not to draw the wrong conclusions. In particular, the Commission should reject the notion that consumers will continue to prefer leasing to purchasing even when faced with truly adequate and comparable alternatives in the retail marketplace.

In addition, the County believes strongly that there are two other reasons that a retail market for navigation devices has failed to emerge. One reason, discussed further in Part II

[2] NOI, ¶¶ 4-15; *see also*, Statement of Chairman Julius Genachowski, NOI at 22; Statement of Commissioner Michael J. Copps, NOI at 24; Statement of Commissioner Robert M. McDowell, NOI at 26; Statement of Commissioner Mignon L. Clyburn, NOI at 28; Statement of Commissioner Meredith A. Baker, NOI at 29.

below, is that the development of technical standards has largely been left to industry, and particularly to cable operators, who lack the motivation to make changes that will take them out of the lucrative equipment rental business. The second, related, reason is the fact that the Commission has never required set top boxes to be offered for sale directly by MVPDs. This "sale option" is discussed further in Part III, below.

In any event, regardless of the reason that a market has not developed, it is plain that there is no market and some solution must be found. The County supports the AllVid solution because it may work, and if it works it will benefit subscribers. At the same time, however, the County believes the Commission should take other, immediate steps to help subscribers now.

II. CONTINUED RELIANCE ON INDUSTRY NEGOTIATIONS WILL ONLY LEAD TO FURTHER DELAY.

Towards the end of the NOI, the Commission notes that in an earlier proceeding several MVPDs suggested that the Commission should encourage "market-driven negotiations and standards development to achieve the goals of Section 629."[3] The NOI therefore asks whether there are specific incentives that "might expedite market negotiations" in this proceeding. The County urges the Commission, in the strongest terms, to reject any such proposal. It is difficult to believe that the same market players can be relied upon to come up with a timely and workable solution this time around, after more than a decade of waiting for other proceedings to yield results. The County urges the Commission not to leave this important initiative to the whims of industry once again. Based on past experience, the only credible way to move forward is with an active and diligent push forward led by the Commission.

[3] NOI, ¶ 42.

III. THE COMMISSION SHOULD PROVIDE INTERIM RELIEF TO CONSUMERS IMMEDIATELY BY MANDATING AN EQUIPMENT SALE OPTION.

There is no question that an AllVid solution is desirable. There is also no question that it will take years to work out and implement. The Commission's target implementation date of December 31, 2012 is likely optimistic, based on past experience. Moreover, the Commission must not underestimate the difficulty of the task: designing a perfect technical solution applicable to all MVPDs is laudable and desirable, but it is also the approach that will take the longest to get to market, and there are bound to be legal challenges along the way. Meanwhile, consumers will continue to suffer under the existing system with its high equipment leasing costs. The situation cries out for an interim solution to bring immediate relief to consumers. The County proposes that the Commission immediately mandate an equipment sale option for existing equipment. A sale option will offer numerous advantages to consumers, the Commission, and market participants.

A. <u>A Sale Option Would Be Fairly Simple to Implement.</u>

A handful of large providers serves most of the cable market today. According to the most current data released by the Commission, as of June 2006, the five largest cable operators (Comcast, Time Warner, Charter, Cablevision and Mediacom) together serve approximately two thirds of all the households that subscribe to basic cable (approximately 43.1 million of 65.3 million subscribers).[4] These figures pre-date the nationwide launch of video services products

[4] *Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming*, Thirteenth Annual Report, MB Docket No. 06-189, FCC 07-206 (rel. Jan. 16, 2009), Table 1 and Table 2 (pages 14-15).

by AT&T and Verizon. Thus, with the addition of these two providers, an even greater percentage of households nationwide would be served by just seven providers.[5]

Moreover, the cable industry has previously indicated its support of a sale option. In a 2001 *ex parte* letter, NCTA submitted a proposal under which operators would encourage equipment manufacturers to make converter boxes available at retail, and operators would agree to support such equipment on their systems.[6] Consumers who moved to a new residence served by the same operator would have remained able to use the equipment; consumers who changed providers would have been able to sell the equipment to the operator at the wholesale depreciated cost. There was opposition from the electronics industry to the cable industry's repurchase option, and the proposal was not adopted.[7]

The County took no position on the merits of the NCTA proposal at the time it was presented to the Commission. A decade later, however, the County believes it is time to introduce a straightforward sale option. Unlike the original NCTA proposal, the County is advocating adoption of the sale option not in lieu of any other approach, but as an interim solution designed to provide subscribers some measure of relief while a long-term solution is devised. Consequently, such matters as the availability and terms of a repurchase option are less

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[5] The County urges the Commission to update these figures with data received from commenters in 2009 to prepare the Commission's Fourteenth Annual Report, which has not yet been released. In addition, it would be helpful if the Commission could break out equipment leasing revenues from other revenues received by cable operators in its report, as was done in past years.

[6] *Commercial Availability of Navigation Devices*, CS Docket No. 97- 80, *ex parte* Letter from Robert Sachs, President & CEO, NCTA (Oct. 10, 2001).

[7] *Commercial Availability of Navigation Devices*, CS Docket No. 97- 80, *ex parte* submission by Consumer Electronics Retailers Coalition (Nov. 6, 2001). The consumer electronics industry argued that subscribers often move, and the proposed repurchase price was too low, so consumers would find they have little incentive to participate.

consequential than they may have been in 2001, and the Commission should not let disputes over such matters delay the introduction of a simple sale option.

B. A Sale Option Can Potentially Benefit Millions of Consumers.

As the County has indicated in prior Commission proceedings, equipment lease rates are high and add considerably to the cost of cable service, and consumers pay for their equipment many times over in lease fees.[8] The County's analysis of set top box lease fees charged by cable operators compared to retail equipment purchase costs in the satellite services market suggests that consumers would benefit within a matter of months if given the option to purchase their cable set top device rather having to lease the equipment in perpetuity.[9] For example, a consumer would need to pay just 10 months of HD converter lease fees to Verizon or RCN and just 12 months to Comcast to pay the equivalent of the retail price for an HD receiver from DirecTV. The Commission has suggested that one reason consumers may not purchase equipment is because "a retail navigation device purchased for use with one MVPD's services cannot be used with the services of a competing MVPD."[10] While that may be true, it is also true that on average people are not as mobile as is sometimes perceived. For example, five years after the 2000 census, 72% of residents of single family detached homes in the County were still living in the same location, and such residents reported that they had lived at their current

[8] *In the Matter of Implementation of Section 304 of the Telecommunications Act of 1996; Commercial Availability of Navigation Devices; Compatibility Between Cable Systems and Consumer Electronics Equipment,* Fourth Further Notice of Proposed Rulemaking, CS Docket 97-80, PP Docket 00-67, FCC 10-61 (rel. April 21, 2010); Comments of Montgomery County, Maryland (filed June 28, 2010), attached hereto as Attachment 1.

[9] See Consumer Equipment Cost Comparison DirecTV Receiver Purchase vs Monthly Cable Converter Rental, attached hereto as Attachment 2.

[10] NOI, ¶ 15.

addresses for an average of eleven years.[11] Furthermore, consumers do not switch providers that often. Providers typically do not disclose very much data on customer turnover, but the information that has been reported publicly indicates that the monthly churn rates are very low (less than 1.5%) and are trending lower, particularly with customers that take more than one service (such as the triple play) and with the introduction of enhanced service offerings such as video on demand.[12] Therefore, the lack of equipment purchasing may have more to do with the absence of a sale option than with consumer concerns about switching providers.

There are literally millions of consumers who may choose to purchase their set top boxes, if given the option. Offering subscriber equipment for sale now would provide immediate relief to consumers by allowing them the option to purchase needed equipment and stop paying monthly equipment lease fees, just as they are able to do now with cable modems.

C. A Sale Option Will Aid the Development of a Retail Market.

Another benefit of introducing a sale option is that it would allow the Commission and market players to gain feedback on consumer preferences and thinking which may benefit the

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[11] See Montgomery County, MD 2005 Census Update Survey at 2, attached hereto as Attachment 3. Also available online at http://www.montgomeryplanning.org/research/data_library/CUS2005/index.shtm

[12] For example, a Verizon presentation from 2006 reported FiOS TV churn at less than 1.5%. See *Verizon Communications Inc. FiOS Briefing Session*, September 27, 2006, Slide 15. (available at: http://investor.verizon.com/news/20060927/20060927.pdf). Also, a 2002 trade article reported very low churn rates for Cox, which declined when subscribers purchased additional services (i.e., video only, 1.5%; two services, 1.1%; triple play, 0.7%). *See* K.C. Neel, "The Book on Bundling" Cable World, July 15, 2002 (available at: http://findarticles.com/p/articles/mi_m0DIZ/is_2002_July_15/ai_89002695/). Finally, in Comcast's latest quarterly conference call, Comcast's Chief Operating Officer reported that Comcast's churn rates have been coming down for three reasons: (1) product enhancements; (2) better customer screening; and (3) slowed expansion by the telephone companies. See FactSet CallStreet Raw Transcript, Comcast Corp., Q1 2010 Earnings Call, April 28, 2010, p. 5 (available at: http://files.shareholder.com/downloads/CMCSA/957559798x0x369983/b570d2cb-0262-49c6-adef-e2a04c065b5e/Comcast_Q110Transcript_4.28.10.pdf).

transition to an AllVid solution. It will also get consumers accustomed to making decisions on leasing vs. purchase options for set top boxes and related equipment, much as consumers have learned to do with respect to cable modems.

D. A Sale Option Will Raise Consumer Awareness About the AllVid Transition.

As the Commission knows very well, having just gone through the DTV transition, the successful implementation of any widespread technology transition depends on consumer awareness. Millions were spent on educating consumers about the DTV transition. One lesson from that process is the earlier consumer education efforts start, the better. Mandating a sale option will further the consumer education process, particularly if MVPDs are required to educate consumers about the sale option and the coming AllVid transition at the same time.

Indeed, everyone involved during the DTV transition learned a great deal about the complexity of implementing a widespread technological change, and the challenges such changes present. This is especially so with respect to important viewer enhancements such as closed captioning. The transition revealed a number of technical problems with passing through analog captioning over digital signals, with the placement of captioning in a non-obtrusive location on the television screens, and with inability of commonly used connector cables (such as HDMI) to pass through captions. With an AllVid solution there will be additional complications including Internet video generated without captioning. The County urges the Commission to draw on the considerable knowledge gained from its DTV transition experience in addressing the issues raised in this NOI.

In summary, the County's position is simple: Let consumers buy their set top boxes and related equipment. At least one state, Maryland, has introduced legislation to implement a sale requirement.[13] However, the County believes that consumers in all states would benefit from such an option. This will test the retail market while the AllVid solution gets worked out and implemented over the next few years. The County believes that the Commission has given the cable industry ample opportunity to comply with the statutory mandate, and consumers should not have to wait many more years for a successor technology to CableCARD to be introduced in order to enjoy the benefits of competition.

CONCLUSION

Montgomery County urges the Commission to act now to adopt interim rules to promote a competitive equipment market.

Respectfully submitted,

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[13] *See* Attachment 1 hereto (Exhibit B – Maryland House Bill 1203).

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Implementation of Section 304 of the Telecommunications Act of 1996	)	CS Docket No. 97-80
	)	
Commercial Availability of Navigation Devices	)	
	)	PP Docket No. 00-67
Compatibility Between Cable Systems and Consumer Electronics Equipment	)	

REPLY COMMENTS OF MONTGOMERY COUNTY, MARYLAND

Montgomery County, Maryland (the "County"), submits these reply comments in response to the Commission's Fourth Further Notice of Proposed Rulemaking (the "FNPRM"),[1] specifically to address issues raised by certain commenters on the Commission's proposals concerning CableCARD pricing and billing.[2] As described more fully below, the County largely disagrees with the position taken by cable operators such as Comcast, Verizon, and Cox, that additional action by the Commission on CableCARD pricing and billing matters is unnecessary,[3] and generally supports the comments and proposed rule presented jointly by the

[1] *In the Matter of Implementation of Section 304 of the Telecommunications Act of 1996; Commercial Availability of Navigation Devices; Compatibility Between Cable Systems and Consumer Electronics Equipment*, Fourth Further Notice of Proposed Rulemaking, CS Docket 97-80, PP Docket 00-67, FCC 10-61 (rel. April 21, 2010) ("FNPRM").

[2] FNPRM at ¶ 15, and Appendix A, Proposed Rule § 76.1205(b).

[3] Comments of Comcast Corporation at 24-27 (filed June 14, 2010); Comments of Verizon at 5-7 (filed June 14, 2010); Comments of Cox Communications, Inc. at 14-17 (filed June 14, 2010).

Consumer Electronics Association and the Consumer Electronics Retailers Coalition.[4] Further, the County strongly recommends that the Commission take additional action to foster a transparent and competitive market in interactive set top box equipment now, even as it moves forward on its separate inquiry into a successor technology such as the "All VID" adapter.

The cable industry is right about one thing: CableCARD technology is not viable. The inability to access interactive features such as use of on-screen electronic program guides, video-on-demand, or to purchase pay-per-view movies renders CableCARD technology obsolete. There is no question that the Commission needs to work expeditiously to develop a successor technology. This, however, does not mean that there would be no value to improving the CableCARD rules in the interim. To the contrary, the County believes that the Commission should do two things immediately. First, CEA/CERC's proposed §76.1205(b) should be adopted because the principles embodied in the rule offer a sound model that can be readily adapted for the successor technology. Second, the Commission should provide subscribers with immediate relief by creating an additional rule to require cable operators to offer existing subscriber equipment for sale now.

The County remains concerned about the significant equipment lease fees that cable providers charge to consumers, and the lack of alternatives, such as the ability of consumers to purchase necessary equipment. Concerns about equipment leasing fees were communicated to the Commission last year in the County's comments in response to the Commission's Supplemental Notice of Inquiry concerning its Annual Assessment of the Status of Competition

[4] Comments of the Consumer Electronics Association and the Consumer Electronics Retailers Coalition at 10-12, and Appendix A, Proposed Rule § 76.1205(b) (filed June 14, 2010) ("CEA/ CERC").

in the Market for Delivery of Video Programming.[5] For consumers, the introduction of digital cable and digital encryption now means that they must rent a set top box for every television in the home. Thus, equipment costs may add an additional 6 to 62 percent to the cost of cable service.[6]

To address this concern, earlier this year, the County and the Maryland Office of the Attorney General discussed with Commission staff a potential state-level legislative interim alternative (Maryland House Bill 1203 or H.B. 1203) that would require cable operators to offer their cable converter boxes for sale to subscribers, and prohibit discrimination on the price of cable service based on whether the subscriber owns, leases or rents the cable converter box.[7] Offering subscriber equipment for sale now would enable the Commission to gauge consumer demand, and would provide immediate relief to consumers by allowing them the option to purchase needed equipment and stop paying monthly equipment lease fees, just as they are able to do now with cable modems.

The various cable providers in the County and environs (RCN, Verizon, Cox) charge consumers a monthly rental fee for each CableCARD in the range of $1.50 to $3.99.[8] Thus, subscribers in Montgomery County are annually paying between $18.00 and $47.88 for their CableCARDs. These fees are paid month after month, year after year, to use a CableCARD, even though the purpose of purchasing a CableCard-ready device is to stop paying monthly equipment fees. Consumers who want to use interactive features must rent equipment and pay

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[5] *Annual Assessment of the Status of Competition in the Market for Delivery of Video Programming*, Supplemental Notice of Inquiry, MB Docket No. 07-269 (rel. April 29, 2009); Comments of Montgomery County, Maryland (filed July 29, 2009), attached hereto as Exhibit A.

[6] Id. at 7, Table 3.

[7] Maryland House Bill 1203 is attached hereto as Exhibit B.

[8] RCN $1.50; Comcast $1.75; Cox $1.99; Verizon $3.99. We note that Comcast does not charge for the first CableCARD per outlet. Comcast Comments at 24.

between $3.40 and $15.99 per month per set top box, or annually pay between $40.80 and $191.80 *per television* to watch cable service. Given these facts, many consumers might find it more economically desirable to purchase their existing cable operator set top equipment if operators were required to offer them for sale.

Consequently, while the County supports the introduction of line item billing to improve disclosure, it is even more important that the Commission allow the purchase option. Indeed, the Commission could go further to investigate and consider whether it is even appropriate for providers to be charging an additional fee for security equipment at all. Charging an additional fee for security equipment (rather than treating security as an integral part of the service) undercuts the goal of allowing consumers an alternative to paying monthly equipment rental fees. Moreover, the fact that a large provider like Comcast does not charge for the first CableCARD per outlet suggests that security costs are already built into the cost of service.

In summary, the County believes that the Commission should move quickly to implement a successor technology to CableCARD. In addition, because subscribers have been waiting for some form of competitive pricing for the past thirteen years, and because under the Commission's timetable they will be waiting at least several more years for the new proceeding to bear fruit, some form of relief is required now. For that reason, the County supports improvements to the CableCARD rules and urges the Commission to consider going even further to mandate a sale option and to consider whether it is appropriate for providers to charge consumers for security-related equipment. The County believes that the Commission has given the cable industry ample opportunity to comply with the statutory mandate, and consumers should not have to wait for a successor technology to CableCARD to be introduced in order to enjoy the benefits of competition.

CONCLUSION

Montgomery County urges the Commission to act now to adopt rules to improve transparency in CableCARD pricing and billing, and to promote a competitive equipment market.

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Exhibit A

Before the
FEDERAL COMMUNICATIONS COMMISSION
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In the Matter of Annual Assessment of the Status of Competition in the Market for Delivery of Video Programming	MB Docket No. 07-269

COMMENTS OF MONTGOMERY COUNTY, MARYLAND

Summary

Montgomery County, Maryland (the "County"), submits these comments in response to the Commission's Supplemental Notice of Inquiry (the "Supplemental NOI"),[1] to emphasize two points: first, the rates paid by subscribers for cable service continue to increase even in the face of competition; and second, those rates must be considered together with the very high rates that operators charge for equipment needed to obtain the service. Viewing the first in isolation from the second does not actually reflect the effect on consumers, and the effect of high equipment rates is underscored by the fact that consumers have no competitive alternatives for acquiring such equipment. The County also restates its concerns regarding the effects on consumers of the bundling of voice, video and data services, as discussed in its earlier comments in this docket.

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[1] *Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming*, Supplemental Notice of Inquiry, MB Docket 07-269 (rel. April 9, 2009). The Supplemental NOI asked for information as of June 30, 2008, and June 30, 2009, on the same issues raised in the preceding Notice of Inquiry in this docket, *Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming*, Notice of Inquiry, MB Docket 07-269 (rel. Jan. 16, 2009) (the "NOI").

I. RATES FOR CABLE SERVICE CONTINUE TO INCREASE UNCHECKED.

The NOI requested information on the prices charged for various cable programming packages.[2] The rates charged by the three providers currently serving Montgomery County residents – Comcast, RCN and Verizon – appear in Table 1. As described in the County's comments of May 20, 2009, in this docket, and further illustrated in Table 1, the rates paid by subscribers for cable television services continue to increase. Notwithstanding the findings of the Commission, and arguments from providers that wireline competition "is the only form of competition that effectively restrains incumbent cable operators' prices,"[3] the County's experience shows that wireline competition does not restrain rates. For example, even though Comcast must compete with two wireline providers, Comcast's rate for basic service in the County increased by over 11% between 2007 and 2009 and its rate for the cable programming services tier increased by 9%.

Table 1 – Cable Service Rates in Montgomery County[4]

	2007	2008	2009	2007-09 % Increase
Comcast				
Basic	$17.30	$17.25	$19.25	11.3
Expanded Basic	$58.10	$60.35	$63.30	9.0
RCN				
Basic	n.a.	n.a.	$17.95	n.a.
Expanded Basic	$53.95	$56.94	$61.44	12.2
Verizon				
Basic	$12.99	$12.99	$12.99	0
Expanded Basic	$39.99	$47.99	$47.99	20.0

n.a. = price not available.

[2] NOI at ¶ 4.

[3] Comments of AT&T at 2-3 (filed May 20, 2009).

[4] Rates listed are those in effect on June 30 of each year.

Table 1 also shows that the competitors do not seem to be affected by competition any more than incumbents. Verizon has held its basic rate steady since 2007, but it has raised its expanded basic rate by 20% in just two years. In addition, Verizon recently informed the County that it will increase its rate for expanded basic service from $47.99 to $57.99 effective October 1, 2009. This will amount to a 45% rate increase in less than three years, and a year-over-year increase of 20.8%. And RCN's rate has increased by 12.2% since 2007.

The cable industry attempts to justify rate increases in excess of the general inflation rate by pointing to the investment the industry has made in new technology in response to competition, arguing that subscribers are getting more for their money.[5] This is beside the point, however, because the industry has made no attempt to prove that there is a clear or measurable relationship between those expenditures and what subscribers are paying. What is clear and measurable is that subscribers are paying more and more, with no end in sight. As the County discussed in detail in earlier comments in this docket, a fully competitive market for cable services does not exist in Montgomery County, and if it does not exist there, then it is unlikely to exist anywhere.[6] The Commission needs to reconsider both its assumptions and its policies.

II. AS CABLE OPERATORS CONVERT TO ALL-DIGITAL TECHNOLOGY, THE COMMISSION MUST LOOK CLOSELY AT EQUIPMENT RATES.

The NOI requested information on the prices charged for equipment needed to receive cable services.[7] Montgomery County's experience shows that head-to-head competition is not restraining rates for cable equipment any more than it is holding down monthly service rates. Furthermore, the effect of equipment rates on the total price a subscriber pays can be significant,

[5] NCTA Comments at 24 (filed May 20, 2009).

[6] Montgomery County Comments at 5-15 (filed May 20, 2009).

[7] NOI at ¶ 4.

yet the Commission's discussion of cable rates in recent years has paid little attention to equipment rates. For example, the Commission's most recent Report on Cable Industry Prices[8] devotes only a single paragraph to equipment prices, and does not discuss the effects of the price of mandatory equipment rental on the total price paid by subscribers. Nor does the most recent annual report on the state of competition in the video programming market discuss the effects of equipment prices on subscribers.[9]

The Commission in recent years may not have considered equipment prices to be a significant issue, because equipment rates have been relatively low. Of course, those rates have been low largely because they have been regulated. Today, however, fewer and fewer jurisdictions are able to regulate rates, as the Commission has, with few exceptions, granted petitions for findings of effective competition in community after community. In any event, regardless of the reason, subscribers in Montgomery County are paying substantial amounts to rent equipment, and recent trends suggest subscribers will continue to pay substantial amounts for equipment that they can obtain from no other source.

The trend toward higher charges for equipment is especially troubling because in 1996 the Commission was directed by Congress to create a competitive market for navigation equipment, but thirteen years later has yet to do so.[10] The County concurs with the comments filed earlier in this docket by Verizon (standards for navigation devices should not rely on cable-

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[8] *Implementation of Section 3 of the Cable Television Consumer Protection & Competition Act of 1992; Statistical Report on Average Rates for Basic Service, Cable Programming Services, and Equipment*, Report on Cable Industry Prices, MM Docket No. 92-266 (rel. Jan. 16, 2009, at ¶ 45.

[9] *Annual Assessment of the State of Competition in the Market for the Delivery of Video Programming*, Thirteenth Annual Report, MB Docket No. 06-189 (rel. Jan. 16, 2009).

[10] Section 629 of the Communications Act was added by the Telecommunications Act of 1996, Pub. L. No. 104-104, which took effect Feb. 8, 1996.

centric technology)[11] and Verimatrix (FCC has not done enough to impose standards for consumer electronics).[12] Notwithstanding NCTA's claim that the cable industry is still working on the issue,[13] the County believes that the Commission has given the cable industry ample opportunity to comply with the statutory mandate.

Table 2 – Cable Equipment Rates in Montgomery County[14]

	2007	2008	2009
Comcast			
Basic only converter	$0.90	$1.10	$1.10
Addressable converter	$3.75	$3.70	$3.40
HD digital converter	$6.50	$7.95	$7.95
Remote control	$0.20	$0.25	$0.25
Cable Card	n.c.	n.c.	n.c.
Digital Adapter	n.a.	n.a.	$1.99
RCN			
Digital converter	$7.95	n.a.	$3.95
Additional converter	$7.95	n.a.	$6.95
HD converter	$9.95	n.a.	$11.95
DVR	$12.95	n.a.	$17.95
Cable Card	$1.50	n.a.	$1.50
Digital Adapter	n.a.	n.a.	$3.95
Verizon			
Std Def. Converter	$4.99	$4.99	$7.99
HD converter	$9.99	$9.99	$9.99
HD DVR	$12.99	$15.99	$15.99
HD Home Media DVR	$19.99	$19.99	$19.99
CableCard	n.a.	n.a.	$3.99
Digital Adapter	n.a.	n.a.	$3.99

n.c. = no charge n.a.= price not available

Table 2 contains the rates for cable equipment in Montgomery County for 2007, 2008 and 2009. The table shows that rates for traditional analog converters remain low, but both addressable converters used to deliver pay-per-view and other advanced services, and high definition converters, are much more expensive. For example, the monthly rates for HD

[11] Verizon Comments at 5 (filed May 20, 2009).

[12] Verimatrix Comments at 3-6 (filed May 20, 2009).

[13] NCTA Comments at 38-43 (filed May 20, 2009).

[14] Rates listed are those in effect on June 30 of each year.

converters are substantial: subscribers can pay $7.95 (Comcast), $9.99 (Verizon), or $11.95 (RCN). Comcast's rate for an addressable converter is three times that of a basic-only converter, and its rate for an HD converter is over seven times that of a basic-only box.

Furthermore, equipment rates add significantly to the total cost of obtaining cable service. Table 2 shows that Verizon charges $7.99 for its standard converter: this is 71% of the price for basic-only service. Comcast and RCN's rates for standard digital converters are lower -- $3.40 and $3.95, respectively -- but they still add over 5% to the monthly rate for expanded basic service.

Another factor the Commission must consider is that many subscribers have more than one television set. In fact, Comcast estimates that there are 2.8 television sets in the average household.[15] For the large number of subscribers in the County who have more than one television set, paying for a converter on every television set adds substantial amounts to their monthly bills. Table 3, on page 7, shows the effects of equipment charges on rates for subscribers who pay for service to more than one television set. Subscribers do have the option of paying lower rates for digital adapters, instead of set-top boxes, but these devices do not provide access to the on-screen program guide or to video-on-demand services. Thus, if a subscriber wants the benefit of the full capability of provider's technology, these devices are not adequate. Rates for digital adapters appear in Table 2.

[15] *Comcast's Montgomery Digital Network Enhancement and "The World of More,"* presentation by Comcast to Montgomery County (June 2009).

Table 3 – 2009 Rates for Service plus Equipment

	Service + one set	Increase over service only	Service + two sets	Increase over service only	Service + three sets	Increase over service only
Comcast						
Basic only (analog) + converter + remote	$20.60	7.0%	$21.95	14.0%	$23.30	21.0%
Expanded Basic + Addressable converter + remote	$66.95	5.8%	$70.60	11.5%	$74.25	17.3%
Expanded basic + HD digital converter + remote	$71.50	13.0%	$79.70	25.9%	$87.90	38.9%
RCN						
Basic + digital converter	$21.90	22.0%	$28.85	60.7%	$35.80	93%
Expanded basic + digital converter	$65.39	6.4%	$72.34	17.7%	$79.29	29.1%
Expanded basic + HD converter	$73.39	19.4%	$85.34	38.9%	$97.29	58.3%
Verizon						
Basic + standard definition converter	$20.98	61.5%	$28.97	123%	$36.96	184%
Expanded basic + standard definition converter	$55.98	16.6%	$63.97	33.3%	$71.96	49.9%
Expanded basic + HD converter	$57.98	20.8%	$67.97	41.6%	$77.96	62.4%

Table 3 and Figures 1 through 3 (*see* page 8) illustrate the dramatic effects of equipment rates on the amounts subscribers pay, especially in the case of Verizon. A Verizon basic-only subscriber renting a single converter will pay 61% more than the basic service price. A Verizon HD subscriber pays an extra 21%. The effects are even greater for subscribers with multiple televisions: if a Verizon subscriber has three sets and wants HD service on all of them, the subscriber will pay an additional 62%. A comparable RCN subscriber would pay an additional 58%, making the additional 39% paid by a comparable Comcast subscriber seem almost reasonable. In other words, equipment adds a lot to the rates subscribers pay, and the Commission needs to specifically address this issue in any discussion of the cost of cable service.

Figure 1: Basic Only With Equipment Rates

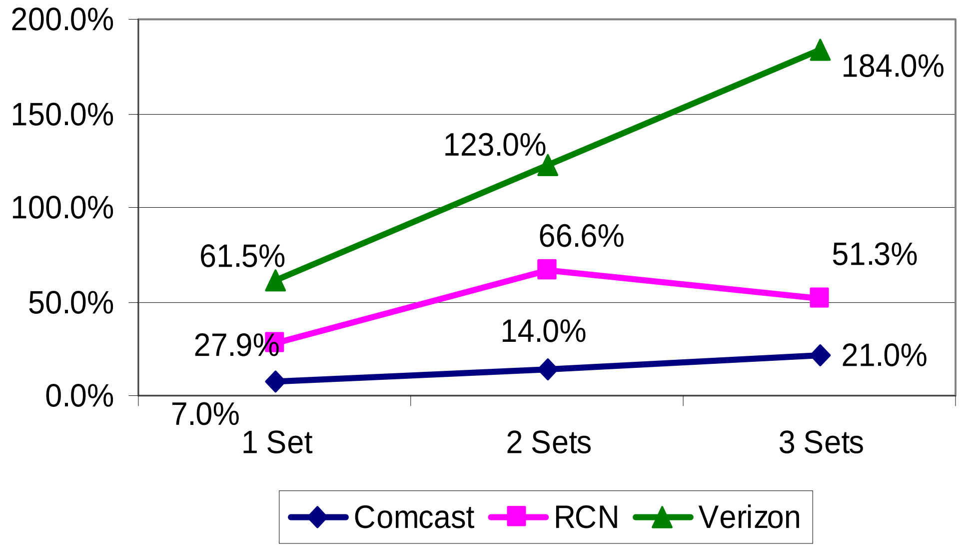


Figure 2: Expanded Basic With Equipment Rates

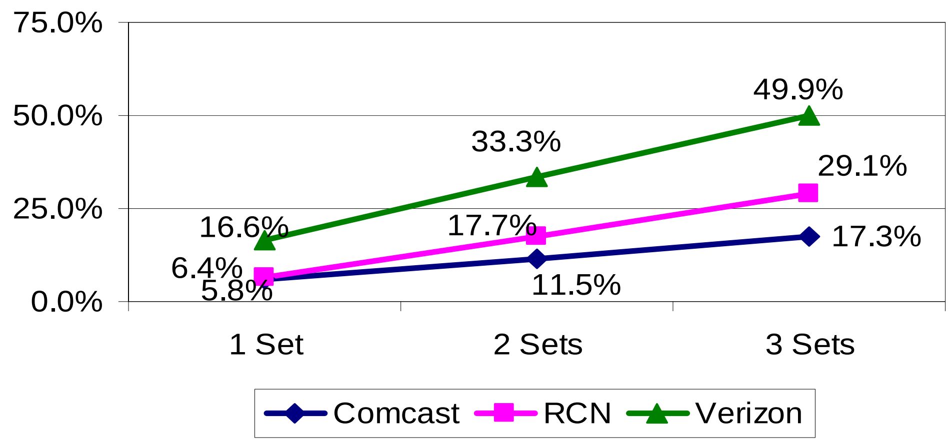
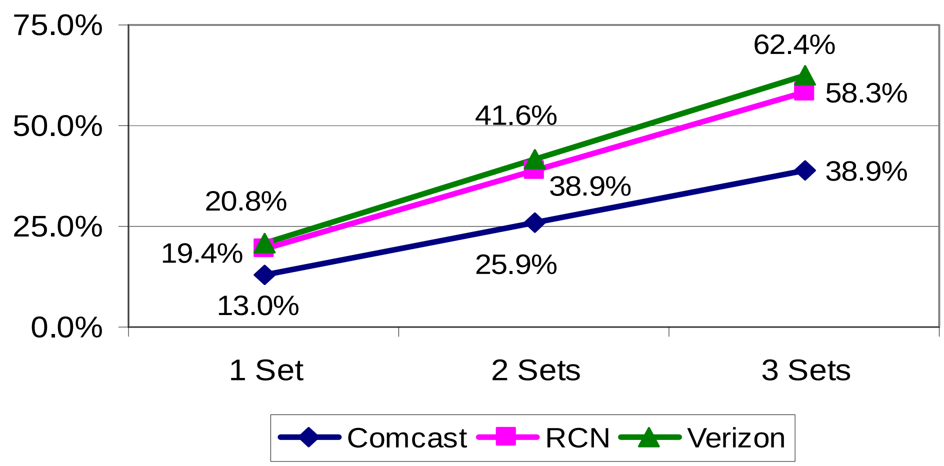


Figure 3: Expanded Basic HD With HD Equipment Rates



The effects of the failure to effectively decouple cable service from equipment rental will become even more pronounced as incumbent operators shift to all-digital systems. As discussed above, digital equipment is more expensive than older analog equipment, and until recently the rates for such equipment were contained in many jurisdictions by the application of the Commission's rate regulation rules. In view of how much Verizon and RCN are already charging for such equipment, in a non-rate-regulated environment there is no reason to believe that Comcast and other incumbents will not raise their rates for converter rentals. Furthermore, subscribers without digital televisions will be forced to pay for additional equipment – a converter or a digital adapter – to receive even unencrypted signals made available on basic tier service. Even if the provider offers CableCard at no charge, as Comcast does, some subscribers with older sets will still have to pay for other equipment, because a CableCard is useless if the set has no slot for the card.[16] Consequently, as cable operators abandon analog technology, they are simultaneously expanding their captive equipment rental market. Subscribers can only rent equipment from the operator, while the operator remains free to charge whatever rate it chooses.

III. BUNDLING DOES NOT PROMOTE COMPETITION.

In earlier comments in this docket, the County pointed out that bundling of voice, video and data services does not promote competition, because bundling makes it very difficult for consumers to compare service offerings, and because the costs of switching – such as the inconvenience associated with changing email addresses – are significant.[17] Other parties also addressed this issue in their earlier comments.

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[16] In addition, current generation CableCards do not allow subscribers access to program guides or other interactive features.

[17] Montgomery County Comments at 12-15 (filed May 20, 2009).

The County concurs with Comcast, which has observed that new entrants and incumbent cable operators use bundling to drive up their revenues per subscriber and to increase customer retention.[18] This suggests that bundling does not necessarily bring prices down, and that consumers find the costs of switching providers to be high. Bundling therefore does not advance competition.

The City of New Orleans has stated that the consumer benefits of bundling are not clear, because it is unclear whether consumers buy service bundles to get discounts or because of the convenience of getting all services from one provider.[19] The County questions, however, whether a careful examination of those two factors would demonstrate that bundling is truly beneficial. One of the problems with bundling is that consumers cannot really compare prices: they may pay a lower price for the bundle than they would for all three services from the same provider, but by taking the bundle they surrender the opportunity of getting the best price for the best level of service on each of the three services. Bundling thus results in fewer choices for consumers. Furthermore, after taking the bundle, consumers will find it more difficult to switch providers. Thus, the perceived benefits of bundling may in fact be drawbacks.

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[18] Comcast Comments at 45 (filed May 20, 2009).

[19] Comments of Cable and Telecommunications Committee of the New Orleans City Council at 10-13 (filed May 20, 2009).

CONCLUSION

Montgomery County urges the Commission to carefully examine the reasons for continuing increases in cable rates, and especially to consider the effects of high equipment rates on subscribers.

Respectfully submitted,

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Rockville, MD 20850

July 29, 2009

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Exhibit B

HOUSE BILL 1203

I3 0lr2395
CF 0lr2391

By: **Delegate Frick**
Introduced and read first time: February 18, 2010
Assigned to: Economic Matters

A BILL ENTITLED

AN ACT concerning

Consumer Protection – Cable Operators – Purchase of Cable Converter Box

FOR the purpose of requiring a cable operator to provide certain options to certain subscribers concerning purchase of a cable converter box; providing that a cable operator may continue to offer certain options; prohibiting a cable operator from discriminating between certain subscribers under certain circumstances; providing for the construction of this Act; making a violation of this Act an unfair or deceptive trade practice subject to certain enforcement and penalty provisions; defining certain terms; providing that existing obligations or contract rights may not be impaired by this Act; and generally relating to consumer protection and cable service subscribers.

BY renumbering
Article – Commercial Law
Section 13–301(14)(xxiv) through (xxvii), respectively
to be Section 13–301(14)(xxv) through (xxviii), respectively
Annotated Code of Maryland
(2005 Replacement Volume and 2009 Supplement)

BY adding to
Article – Commercial Law
Section 13–301(14)(xxiv) and 14–1322
Annotated Code of Maryland
(2005 Replacement Volume and 2009 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section(s) 13–301(14)(xxiv) through (xxvii), respectively, of Article – Commercial Law of the Annotated Code of Maryland be renumbered to be Section(s) 13–301(14)(xxv) through (xxviii), respectively.

EXPLANATION: **CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**
[Brackets**]** indicate matter deleted from existing law.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Commercial Law

13–301.

Unfair or deceptive trade practices include any:

(14) Violation of a provision of:

(XXIV) SECTION 14–1322 OF THIS ARTICLE;

14–1322.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) "CABLE CONVERTER BOX" MEANS:

(I) A DEVICE THAT DESCRAMBLES, DECRYPTS, OR CONVERTS CABLE SIGNALS TO ENABLE DISPLAY OF CABLE SERVICE VIDEO PROGRAMMING ON THE SUBSCRIBER'S TELEVISION, MONITOR, OR DISPLAY EQUIPMENT; AND

(II) ANY REMOTE CONTROL DEVICE THAT ALLOWS SUBSCRIBER INTERACTION FOR SELECTION OR USE OF CABLE SERVICE.

(3) "CABLE OPERATOR" MEANS A PERSON THAT:

(I) 1. PROVIDES CABLE SERVICE OVER A CABLE SYSTEM; AND

2. DIRECTLY OR THROUGH ONE OR MORE AFFILIATES OWNS A SIGNIFICANT INTEREST IN THE CABLE SYSTEM; OR

(II) OTHERWISE CONTROLS OR IS RESPONSIBLE FOR THE MANAGEMENT AND OPERATION OF THE CABLE SYSTEM THROUGH ANY ARRANGEMENT.

(4) "CABLE SERVICE" MEANS:

(I) THE TRANSMISSION TO SUBSCRIBERS OF VIDEO PROGRAMMING OR OTHER PROGRAMMING SERVICE; AND

(II) SUBSCRIBER INTERACTION, IF ANY, REQUIRED TO SELECT OR USE THE VIDEO PROGRAMMING OR OTHER PROGRAMMING SERVICE.

(5) "CABLE SYSTEM" MEANS A FACILITY THAT:

(I) CONSISTS OF A SET OF CLOSED TRANSMISSION PATHS AND ASSOCIATED SIGNAL GENERATION; AND

(II) IS DESIGNED TO PROVIDE CABLE SERVICE TO MULTIPLE SUBSCRIBERS IN A COMMUNITY.

(B) THIS SECTION MAY NOT BE CONSTRUED TO PROHIBIT, CONDITION, OR RESTRICT ANY CABLE SYSTEM'S USE OF ANY TYPE OF SUBSCRIBER EQUIPMENT OR TRANSMISSION TECHNOLOGY.

(C) (1) A CABLE OPERATOR THAT REQUIRES A SUBSCRIBER IN THE STATE TO RENT OR LEASE A CABLE CONVERTER BOX TO RECEIVE CABLE SERVICE SHALL ALLOW THE SUBSCRIBER TO PURCHASE THE CABLE CONVERTER BOX OUTRIGHT.

(2) THIS SECTION MAY NOT PROHIBIT A CABLE OPERATOR FROM CONTINUING TO OFFER A SUBSCRIBER THE OPTION OF RENTING OR LEASING A CABLE CONVERTER BOX FOR A SEPARATE FEE OR AS PART OF A PROGRAM PACKAGE.

(D) A CABLE OPERATOR MAY NOT DISCRIMINATE IN THE PRICE FOR CABLE SERVICE BASED ON WHETHER A SUBSCRIBER RENTS, LEASES, OR OWNS A CABLE CONVERTER BOX.

(E) A VIOLATION OF THIS SECTION:

(1) IS AN UNFAIR OR DECEPTIVE TRADE PRACTICE WITHIN THE MEANING OF TITLE 13 OF THIS ARTICLE; AND

(2) IS SUBJECT TO THE ENFORCEMENT AND PENALTY PROVISIONS CONTAINED IN TITLE 13 OF THIS ARTICLE.

SECTION 3. AND BE IT FURTHER ENACTED, That a presently existing obligation or contract right may not be impaired in any way by this Act.

SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2010.

Consumer Equipment Cost Comparison
DirecTV Receiver Purchase vs Monthly Cable Converter Rental
(Number of months at monthly rate to meet equivalent purchase price)

DIRECTV	COMCAST	RCN		VERIZON
	Digital Adapter $1.99	Digital Adapter $3.95		Digital Adapter $3.99
	Analog Basic Only* $1.35			
Standard Receiver $69.00	Digital Converter* $3.45 **(20 months)**	Digital Converter $3.95 **(18 months)**	Additional Converter $6.95 **(10 months)**	Digital Converter $5.99 **(12 months)**
DVR Receiver $99.00		DVR** $17.95 **(6 months)**		
HD Receiver $99.00	HD Converter* $8.20 **(12 months)**	HD Converter $9.95 **(10 months)**	Additional Converter $11.95 **(9 months)**	HD Converter $9.99 **(10 months)**
HD DVR Receiver $199.00		HD DVR Converter $14.95 **(14 months)**	Additional Converter $17.95 **(12 months)**	HD DVR Converter $15.99 **(13 months)**
				MultiRoom DVD *** $19.99
Not Required	CableCard $0	CableCard $1.50		CableCard $3.99

*Includes Comcast $0.25 charge for remote control
** No longer advertised on RCN website
*** Requires rental of additional Verizon converters
CableCard enables use of commercially available converter box, *i.e.*, "navigation device," for unidirectional cable service. (Electronic program guide, video-on-demand, and pay-per-view cannot be accessed.)
Source: Montgomery County Office of Cable and Communications, using Cable Rate Card Information as of July 29, 2009 and available website information as of January 21, 2009

Attachment 3

Montgomery County, MI   2005 Census Update Surv

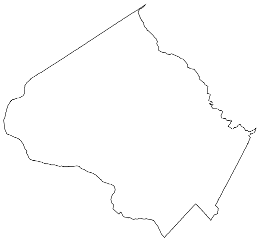
	Est. Land Area in Sq. Mi = 496	SINGLE-FAMILY DETACHED	TOWN-HOUSE	GARDEN APT.	HIGH-RISE	ALL TYPES
POPULATION	**Household Population**	546,215	173,685	153,975	57,125	931,000
	% Female	51.2%	53.5%	56.1%	58.4%	52.9%
	Age Distribution:					
	% 0-4 Years Old	6.4%	8.1%	7.8%	3.1%	6.8%
	% 5-17 Years Old	21.7%	17.8%	15.7%	6.9%	19.1%
	% 18-29 Years Old	9.5%	13.4%	19.2%	17.3%	12.3%
	% 30-44 Years Old	20.0%	28.4%	28.7%	22.1%	23.1%
	% 45-64 Years Old	30.8%	25.7%	20.4%	20.0%	27.5%
	% 65-74 Years Old	6.4%	4.7%	3.6%	9.4%	5.8%
	% Over 74 Years Old	5.2%	1.9%	4.6%	21.2%	5.4%
	Average Age (years)	37.4	34.3	34.0	48.4	36.9
	Race:					
	% White	74.0%	51.6%	42.2%	61.3%	64.0%
	% Black	8.7%	24.2%	33.8%	24.8%	16.6%
	% Asian or Pacific Islander	12.9%	17.5%	11.6%	10.4%	13.4%
	% Other	4.3%	6.7%	12.4%	3.5%	6.0%
	Hispanic or Latino and Race [1]					
	% Hispanic or Latino [1]	11.3%	16.9%	21.3%	10.6%	13.9%
	% Not Hispanic White	66.5%	41.4%	34.3%	54.0%	55.7%
	Language Spoken at Home					
	Persons 5 Years and Older	511,165	159,595	141,900	55,340	868,000
	% Speak Language Other than English	30.5%	43.2%	45.2%	34.3%	35.3%
	% Speak English less than "Very Well"	7.0%	14.4%	14.7%	10.6%	9.7%
	Educational Attainment:					
	Persons 25 Years and Older	355,470	116,030	104,930	47,595	624,025
	% Less than High School Diploma	6.8%	7.8%	11.9%	7.6%	7.8%
	% High School Graduate	19.1%	25.1%	30.9%	22.6%	22.3%
	% Associate or Trade School	5.2%	8.2%	7.6%	6.9%	6.3%
	% Bachelor's Degree	29.6%	29.0%	25.3%	26.5%	28.6%
	% Grad, Professional or Doctoral	39.3%	29.9%	24.2%	36.1%	35.0%
LABOR FORCE	**Number of Employed Residents** [2]	296,500 [2]	106,320 [2]	92,880 [2]	31,130 [2]	526,830 [2]
	% Females Who Are Employed [2]	65.9%	75.6%	73.5%	55.5%	68.2%
	Women with Children Under Age 6	36,890 [2]	15,440 [2]	13,700 [2]	1,810 [2]	67,840 [2]
	% Employed [2] [2]	66.8%	69.8%	72.0%	67.9%	68.5%
	Work Location:					
	% Montgomery County	58.5%	64.4%	63.8%	47.8%	59.9%
	% Prince George's County	4.9%	5.1%	5.5%	6.1%	5.1%
	% Elsewhere in Maryland	5.2%	4.2%	4.5%	3.4%	4.8%
	% Washington, D.C.	22.4%	17.5%	19.2%	32.7%	21.5%
	% Virginia	7.9%	7.2%	6.3%	8.2%	7.5%
	% Outside MD-VA-DC	1.0%	1.6%	0.8%	1.8%	1.1%
	Work Trip:					
	% Driving	78.9%	82.5%	72.1%	60.0%	77.4%
	% Alone	73.8%	76.0%	66.6%	56.9%	72.0%
	% Carpool	5.1%	6.5%	5.5%	3.1%	5.3%
	% Public Transit or Rail	12.7%	13.1%	22.9%	29.4%	15.5%
	% Walk/Bicycle/Other	2.5%	1.9%	3.5%	6.7%	2.8%
	% Work at Home	5.9%	2.5%	1.5%	4.0%	4.4%
	Average Commuting Time to Work (minutes)					
	Overall	30.5	32.4	31.6	29.3	31.0
	By Car	29.6	30.3	27.9	27.3	29.4
	By Public Transit	49.4	53.4	47.1	40.0	48.5

** Insufficient data for reliable estimates.*

[1] *Those of Hispanic origin may be of any race.*

[2] *Ages 16 and older and employed full- or part-time.*

Source: 2005 Census Update Survey; Research & Technology Center, Montgomery County Planning Dept., M-NCPPC April 2006.



Montgomery County, MD *(continued)*
2005 Census Update Survey

	SINGLE-FAMILY DETACHED	TOWN-HOUSE	GARDEN APT.	HIGH-RISE	ALL TYPES
HOUSING					
Households by Structure Type	177,335	64,575	71,395	36,695	350,000
% Total Households by Structure Type	50.7%	18.4%	20.4%	10.5%	100.0%
Average Household Size	3.08	2.69	2.16	1.56	2.66
Tenure:					
% Rental	4.0%	10.4%	71.6%	68.2%	25.7%
Average Monthly Costs:					
Homeowner	$1,900	$1,443	$1,058	$1,137	$1,687
Renter	$1,693	$1,324	$1,034	$1,241	$1,167
Residence in April 2000:					
% in Same Home	72.1%	52.8%	32.8%	43.9%	57.8%
% Elsewhere in County	16.8%	27.2%	29.9%	21.1%	21.8%
% Elsewhere in Maryland	2.6%	4.6%	7.9%	7.0%	4.5%
% D.C or Northern Virginia	2.9%	4.4%	5.1%	6.3%	4.0%
% Outside Metro Area	5.7%	11.0%	24.2%	21.6%	12.0%
Median Years in Same Home	11	5	3	4	6
Average Age of Household Head	53.2	47.0	45.0	55.0	50.6
% Households with Foreign Born Head or Spouse	30.9%	40.7%	39.8%	33.2%	34.8%
% Households Speaking Spanish	10.7%	14.9%	16.5%	10.0%	12.5%
Households by Type:					
% Family Households	87.6%	77.1%	57.5%	36.8%	74.2%
% Married-Couple	78.8%	59.5%	38.8%	28.4%	61.8%
% Single-Parent	7.5%	15.0%	14.5%	6.4%	10.2%
% Nonfamily Households	12.2%	22.6%	42.2%	63.0%	25.6%
% Householder Living Alone	10.9%	21.0%	38.4%	60.0%	23.5%
Persons in Households:					
% 1 Person	10.9%	21.0%	38.4%	60.0%	23.5%
% 2 Persons	31.1%	30.3%	31.1%	29.5%	30.8%
% 3 Persons	19.3%	21.1%	15.5%	6.7%	17.5%
% 4 Persons	23.0%	17.4%	9.5%	3.2%	17.1%
% 5+ Persons	15.7%	10.2%	5.6%	0.6%	11.0%
Average Number of Cars	2.3	1.8	1.3	1.0	1.9
% of Households with Computers	93.4%	92.6%	82.4%	72.9%	89.0%
% of these visiting M-NCPPC website	32.3%	29.3%	22.8%	19.5%	28.9%
INCOME					
2004 Household Income Distribution:					
% Under $15,000	1.5%	2.1%	9.8%	9.9%	4.2%
% $15,000 to $29,999	3.2%	5.0%	16.1%	13.4%	7.3%
% $30,000 to $49,999	6.9%	13.8%	28.8%	23.9%	14.5%
% $50,000 to $69,999	10.4%	21.0%	19.4%	17.7%	15.0%
% $70,000 to $99,999	18.1%	24.9%	14.7%	18.0%	18.6%
% $100,000 to 149,999	27.1%	23.7%	8.7%	10.0%	20.9%
% $150,000 to 199,999	14.2%	5.5%	1.4%	3.4%	8.8%
% $200,000+	18.6%	4.1%	1.0%	3.6%	10.7%
2004 Median Household Income	$115,870	$79,800	$46,660	$51,970	$83,880
% of Households Spending More Than 30% of Income on Housing Costs:					
% Homeowners	14.2%	21.4%	24.3%	17.3%	16.9%
% Renters	37.6%	25.1%	40.2%	46.6%	40.7%

** Insufficient data for reliable estimates.*

Source: 2005 Census Update Survey; Research & Technology Center, Montgomery County Planning Dept., M-NCPPC April 2006.