


## City of Alexandria, Virginia

## MEMORANDUM

DATE: FEBRUARY 6, 2008

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: 2007 ANNUAL REPORT AND PLANT SURVEY FROM COMCAST CABLE COMMUNICATIONS, INC.

---

**ISSUE:** Receipt of the 2007 Annual Report and Plant Survey from Comcast Cable Communications, Inc. (Comcast).

**RECOMMENDATION:** That Council receive the Comcast 2007 Annual Report and Plant Survey (Attachment). The Commission on Information Technology reviewed the results of the reports at its January 14 meeting and by a unanimous vote accepted the staff analysis.

**DISCUSSION:** Section 9-3-513 (a) of the City Code requires the cable television franchisee to submit an annual written report to City Council. The report details the company's previous year's activities in operating the Alexandria City cable television system. The 2007 report, which covers the fiscal year of July 1, 2006 through June 30, 2007 (the 13th year under the 15-year cable franchise), summarizes the company's activities with respect to programming and customer service, physical plant and system operations, and describes the company's financial condition for the calendar year ending December 31, 2006.

The full report runs more than 300 pages. Due to its size, the entire report is not attached, but it may be reviewed in the City Clerk's Office. Several sections of the report are attached for your information: the cover letter; summary of local origination and community programming; and the auditor's reports. Following is a summary of the major accomplishments described in the Annual Report and the actions taken by the franchisee to comply with City and federal requirements.

**Programming:**

- **Local Origination and Community Programming**  
During FY 2007, Comcast's combined community and local origination programming on Channel 69 met the 30 hours or more overall requirement and, in most cases, exceeded the franchise requirement that at least ten hours per week be original, unrepeated

programming of interest to Alexandria residents. Comcast continues to encourage resident participation in Community Programming certification classes. During FY 2007, Comcast certified 17 people in community programming as compared to seven people during FY 2006.

- Programming and Channel Changes

New channels launched include CN8 – the Comcast Network; WDCW- The Tube, otherwise known as “The CW Washington”; Fox Reality TV; WDCA – a Fox Network; Mid-Atlantic Sports Network (MASN); ESPN Deportes (Hispanic-language sports); an additional MHz channel – WNVC Russia Today; TV Azteca; FearNet; and the Oxygen Channel. Comcast also launched VODLink, an interactive option where subscribers can choose TV listings and Video on Demand (VOD) whenever they wish. High Definition channel additions include Universal HD, Comcast Sports HD, National Geographic HD, and the simulcast of CN8. An additional channel was added to the NBA League Pass Package; Games 11-14 were added to the Major League Baseball package, and the NFL Network was migrated to the Sports Entertainment Package.

Channels moved from Expanded Basic to the Digital Classic tier include American Movie Classics (AMC), Country Music Television (CMT), and the Hallmark Channel.

Also of note, Comcast split Channel 71, which regularly carries C-SPAN2, because baseball games pre-empt the programming when the Nationals and Orioles are playing on the same day. C-SPAN2 was moved to the digital tier.

### **Physical Plant and System Operations:**

- System Construction

During FY 2007, Comcast expanded the physical plant by adding .62 miles of underground cable plant, including coaxial and fiber cables. Increased capacity planning has been implemented by splitting nodes, which reduces the number of customers served by each node, and increases bandwidth and speed for each customer with respect to Internet and VOD services. Additionally, monitoring equipment has been added to all of the nodes. This better equips Comcast to identify and rectify problems and reduce impact on subscribers before the subscriber calls the problem in, as well as isolate outage locations, and aid in the dispatch of repair crews.

Broadcast channels were moved from analog to digital platforms. This move will not affect analog customers with the sunset of analog programming in February 2009. As you may be aware, all network and cable systems will discontinue the broadcast of analog programming, per federal mandate. Comcast Director of Government and Community Affairs Marie Schuler has indicated that as a result of a corporate decision, they will continue offer simulcast (analog and digital signals) of broadcast channels. The only people who will be affected by this federal requirement will be residents who still use rabbit

ears to receive over the air signals. These individuals, who do not subscribe to any level of cable service, will have to obtain cable boxes to receive televised programming.

Currently, the nodes are carrying both analog and digital signals. The Federal Communications Commission (FCC) has also required Separable Security Converter boxes be made available to individuals who do not subscribe to cable, which Comcast tested in June 2007 and implemented on July 1, 2007 without incident. The FCC subsidizes the cost of these boxes.

- Service Outages

Staff's review of the Annual Report showed that during FY 2007, the number of outages increased from 172 in 2006 to 238 in 2007. An outage is defined as a service interruption affecting three or more subscribers connected to the same node. Comcast reports that of the 238 outages: 44 (the same as last year) were due to Comcast equipment failure, such as damaged motherboards, feeder connectors, and modules in the nodes. Of the remaining 110 outages, 19 were the result of Dominion Virginia Power system outages (15 more than last year), five were a result of damage to the plant by contractors who did not consult with MISS UTILITY prior to digging activities or ignored Comcast's cable line markings (111 less than last year), 19 were caused by electrical power outages due to electrical shortages and power surges (14 more than last year), and the remaining 46 outages were short-term and self-corrected.

Sixty-six of the outages lasted longer than four hours (54 more than last year). The City Code requires Comcast to credit subscribers with a prorated share of the monthly charge if the subscriber is without service or if service is substantially impaired for any reason for more than four hours during a 24-hour period. Comcast staff issued the appropriate credits to the affected customers upon request; apparently there were many requests. Staff will continue to monitor system outages and ensure that credits are given where appropriate.

- Plant Survey

Section 9-3-153 (c) of the City Code requires the franchisee to submit a complete survey of its plant, including electronic measures to determine any signal leakage above the FCC requirements, and to assure the City that Comcast is complying with FCC technical standards. Comcast conducted tests twice during the fiscal year. Comcast staff conducted the FCC Proof-of-Performance tests July 1 through August 31, 2006 and January 1 through February 28, 2007. These tests exceed the timeframe of those conducted last year by approximately 10 days each; which enabled a larger number of calibrations.

Signal leakage tests were conducted for Comcast by Comcast Corporate Engineering/Compliance staff on August 27, 2006 and February 18, 2007. The Flyover Company, LLC, which specializes in aerial cable leakage inspections, conducted a system

flyover test on August 19, 2006. Comcast Cable of Alexandria had an FCC system score of 100%, with 100% of the system being tested, and was determined to be in excellent condition. All tests indicated that the results complied with FCC technical standards.

#### Customer Service:

- Subscriber Trouble Calls

During the reporting period, Comcast responded to 18,821 subscriber trouble calls, an increase of 5,664 calls, which is 43% more than last year. These trouble calls related to problems with customer equipment (televisions, VCRs, etc.), converter boxes, distribution/signals, and coaxial cable. The majority of these calls (6,638 or 35%) were in the “Tap to the TV Set” category (the “tap” is the connecting equipment from the pole to the house). The majority of the tap to TV set problems result from bad connectors or splitters between the tap and the customer’s TV due to age, corrosion, exposure to the elements, or fittings that had been improperly tightened by customers. Converter problems accounted for 5,175 or 28% of the trouble calls, and the remaining 37% of calls were a result of customer equipment, miscellaneous and/or headend problems, or no trouble found/subscriber not home.

Staff is aware of resident concerns about TV reception in the Beverley Hills neighborhood. Director of Citizen Assistance Rose Williams Boyd and Comcast Director of Government and Community Affairs Marie Schuler will be attending the North Ridge Citizens Association meeting on February 11 to address the issues.

- Customer Service Standards

The City Code requires Comcast to report quarterly on telephone accessibility. The Code requires Comcast’s service representatives to answer their telephones within 30 seconds, 95 percent of the time. State legislation that went into effect on July 1, 2007 requires that the local standard not exceed the federal standard which requires that the telephones be answered within 30 seconds, 90 percent of the time. During the reporting period, Comcast’s quarterly data indicate that the percentage of telephones answered within 30 seconds was as follows: July (74%), August (71%), September (67%), October (78%), November (87%), December (67%), January (62%), February (59%), March (51%), April (84%), May (87%), June (89%). Since Comcast’s average response time statistics for each quarter did not meet the 90 percent standard, the company was fined four times for a total of \$800. According to Ms. Schuler, call volumes average approximately 36,000 calls per month; however, during this reporting period, Comcast averaged approximately 57,000 calls per month. The analog-to-digital migration as well as additions and improvements to the nodes increased the number of subscriber calls.

Comcast continues to provide customer service training for its service representatives to ensure that they accurately respond to customer queries and problems. They also monitor telephone calls and provide employee coaching as needed.

## Financial Information:

Director of Finance Laura B. Triggs reviewed the financial information provided by Comcast and noted the following:

- Unaudited Gross Receipts:  
The schedule addresses the gross receipts recorded in accordance with the June 1994 cable franchise agreement between the City of Alexandria and Comcast which outlines the formula for determining the franchise fees to be paid to the City. Comcast's internal auditors found that the revenues associated with this agreement for the year ending December 31, 2006 were \$43.3 million. This represents an increase of 8.9 percent or \$3.6 million when compared with the audited gross receipts for 2005.
- Unaudited Financial Statements:  
The unaudited financial statements for Comcast of Virginia, Inc. (Alexandria system) for the year ended December 31, 2006, show that the Alexandria operations of Comcast earned \$11.3 million for the year, thus reducing the operation's Accumulated Deficit from \$19.9 million to \$8.5 million. This decrease was attributable to lower depreciation and amortization costs. During the year, Comcast increased their investment in the property and equipment in Alexandria by \$22.8 million bringing the total cost of the Alexandria property and equipment to \$117.6 million. The Comcast Alexandria operation has a long-term debt to affiliated companies of \$168.5 million. This is a decrease of \$24.3 million from the prior year's balance of \$192.8 million. The total Stockholders' Equity for Comcast Cablevision of Virginia, Inc. (Alexandria) as of December 31, 2006 consisted of the accumulated deficit of \$8.5 million.
- Comcast Corporation Financial Report:  
The Comcast Corporation Financial Report is the financial statement of Comcast Corporation and its subsidiaries as a whole. The financial information of Comcast of Virginia, Inc. (Alexandria) is such a small portion of the total operation that it is not mentioned separately in this report.

The Comcast Corporation is the largest cable operator in the country with 23.4 million video subscribers, 12.1 million digital cable subscribers, 11.0 million high-speed Internet subscribers, and 2.4 million telephone subscribers. Comcast Corporation and its subsidiaries had a net income for the year of \$2.5 billion on revenues of \$25 billion. Its total stockholders' equity increased from \$40.2 billion to \$41.2. Comcast's external auditors issued Comcast Corporation and its subsidiaries a clean opinion indicating the financial statements present fairly, in all material respects, the financial position of Comcast Corporation and its subsidiaries.

**FISCAL IMPACT:** During calendar year 2007, the City received franchise fees, based on three percent of gross receipts for the last quarter in calendar 2006 of \$398,282.90 (franchise fees are

due within 30 days of the end of the quarter). Legislation passed by the Virginia General Assembly in 2006 replaced the cable television franchise fees previously collected by the City with a state administered Communication Sales and Use Tax. The new tax of five percent on all communications services became effective on January 1, 2007 and is collected by the Commonwealth and remitted to the City. Ms. Triggs has indicated that that the City receives approximately \$1,000,000 per month from the state. The payment is an aggregate amount from all providers of telecommunications services (land phones, cable, cellular service, tv dish, etc.) in the City, and there is no way to determine how much was remitted by Comcast.

**ATTACHMENTS:**

Attachment 1: Executive Summary

Attachment 2: Summary of Local Origination and Community Programming

Attachment 3: Auditors' Report

**STAFF:** Rose Williams Boyd, Director of Citizen Assistance



Comcast Cable  
508 D S Van Dorn Street  
Alexandria, VA 22304  
Office: 703.567.4600  
Fax: 703.567.4444  
www.comcast.com

August 30, 2007

Ms. Rose Williams Boyd  
Director  
Office of Citizen Assistance  
City of Alexandria  
301 King Street Room 1900  
Alexandria, Virginia 22314

Dear Ms. Boyd,

Comcast is pleased to submit our 2007 Annual Report to the City of Alexandria, in accordance with Chapter 3 of Title 9 of the Alexandria City Code. Included are copies or summaries of the Year's Activities within Local Origination and Community Programming, a Summary of Customer Complaints, Financial Reports, Statements of Major Equipment and Capital Expenditures, Construction Plans, a list of Comcast Officers and Board of Directors, the Alexandria Employee Report, Television Channel Changes, Customer Opinion Survey, the Plant Report, and Customer Service Telephone Statistics for the period of July 1, 2006 through June 30, 2007.

It's been another exciting year at Comcast! We continue to launch new channels and services to the residents of Alexandria, like CN8, MASN, WDCW The Tube, FearNet, and a series of MHz channels. We've also added more HD channels with Universal HD, CN8, and National Geographic expanding the HD line-up. VodLink, an interactive port, adds convenience to the customer's tool of resources, by giving them the ability to a main menu to choose TV listings, and Video on Demand.

We've also added monitoring equipment to all our nodes, which gives us the ability to identify to identify potential problems and implement corrective action before they become customer impacting. It also gives us the ability to isolate outages and dispatch repairs crews in advance of being contacted by customers.

The Headend completed the deployment of ADS, digital simulcasting of the channels, when they moved the broadcast channels over to digital. Customers with digital converter boxes receive the signal digitally; customers without boxes receive the original analog signal. This positions us well for the conversion to all digital in February of 2009.

We have seen a significant increase in customers taking advantage of the wide array of products and services we offer. Comcast plans to continue its investment in the City bringing the latest programming and cutting edge technology to the community. As a

result of capacity management, we recently split several of the nodes in Alexandria to ensure high speeds to the Internet service and Video On Demand Services. Comcast had been trialing wireless technology in several locations in the country, in anticipation of launching the quadruple play through our partnership with Sprint/Nextel. We hope to launch in Alexandria during 2008.

Community highlights from the past year are:

- ◆ Corporate sponsor of the Alexandria Waterfront Festival, benefiting the American Red Cross.
- ◆ We continue to conduct Newsmaker interviews aired on Headline News to promote nonprofits, and community activities and events.
- ◆ Partnered with the City of Alexandria for the fourth annual Comcast Outdoor Film Festival at Ben Brenman Park.
- ◆ Corporate sponsor of the Alexandria Chamber of Commerce, supporting Chamber events.
- ◆ Sponsored the Alexandria Scholarship Fund Telethon, which raised over \$100,000 for T.C. Williams Graduates.

Comcast and its employees pride themselves with being involved with the Community, and being in the forefront within the Company to deploy new services and technologies to our customers. We look forward to continuing this partnership in 2008.

Yours sincerely,



Marie Schuler  
Director of Government and Community Affairs





## **2007 ANNUAL REPORT**

### **YEAR'S ACTIVITIES SUMMARY**

Local Origination and Community  
Programming Service to the Community  
AUGUST 30, 2007

**YEAR'S ACTIVITY SUMMARY**  
**Local Origination and Community Programming**  
**Service to the Community**

- Supported the Department of Human Services with their Foster Care program.
- Supported the Alexandria Technology Awards
- Supported the Alexandria Volunteer Bureau An Evening in the Heart of Alexandria Gala
- Provided Cable in the Classroom magazines in conjunction with the CIC program to Alexandria Public Schools
- Corporate Sponsor of the Alexandria Chamber of Commerce
- Awarded a Comcast scholarship to a T.C. Williams graduate pursuing film studies at the Scholarship Fund of Alexandria Awards Ceremony
- Filmed and participated in the USA/Alexandria Birthday Celebration at Founders Park
- Filmed and participated in the American Indian Festival, the African American Festival, the Italian Festival, the Irish Festival the Chirlagua Festival, and the Cambodian Festival.
- Promoted summer concerts throughout the area, Lunch Bunch Concerts, Ben Brenman Park Concert, Ft Ward Park Concerts, Waterfront Park Concerts, Montgomery Park Concerts, Henderson Park Concerts, and the King Street Gardens Concert.
- Sponsored the Alexandria Volunteer Bureau Philanthropy Summit Awards
- Donated to the T.C. Williams Drug and Alcohol Free Graduation Party
- Participated in the United Way campaign
- Supported the Alexandria Chamber of Commerce "Total Resource" Campaign
- Participated with the Region in Comcast Cares Day at Fred Lynn Middle School in Prince William County. We landscaped the front entrance, back entrance, and courtyards.
- Conducted a tour of Wheeler Avenue facility for the Federal Communications Commission and the United States Telecommunications Training Institute; the class was made up of communications experts in government from around the world.
- Corporate sponsor of the Alexandria Waterfront Festival
- Live coverage of the Alexandria Special Election Returns
- Supported the Breast Cancer Walk, taped and broadcast the event
- Partnered with the City of Alexandria for the Comcast Outdoor Film Festival
- Supported the Alexandria Education Partnership

- Taped and broadcast Agenda Alexandria monthly
- Taped and broadcast the Alexandria Chamber Business Leader of the Year Award
- Taped and broadcast the Grace Episcopal Concert
- Taped and broadcast & Supported the Alexandria Chamber of Commerce Chairman's Gala
- Taped and broadcast the Martin Luther King Birthday Ceremony for City employees
- Taped and broadcast the St Patrick's Day Parade
- Taped and broadcast the George Washington Day Parade
- Taped and broadcast the Martin Luther King Birthday Ceremony
- Taped and broadcast the Alexandria Birthday Celebration
- Supported, taped and broadcast the State of the City Address
- Taped and broadcast the Salute to Women Awards
- Taped and broadcast the Valor Awards
- Taped and broadcast the Episcopal Graduation
- Taped and broadcast the Bishop Ireton Graduation
- Taped and broadcast the T.C. Williams Graduation
- Taped and broadcast the Scholarship Awards Ceremony
- Taped and broadcast the St. Stephens /St. Agnes Graduation
- Taped and Broadcast the Scottish Christmas Walk
- Taped and Broadcast the Scottish Night at Ft. Ward Park
- Broadcast the Latter Day Saints Annual Conference
- Taped and Broadcast the Days of Remembrance
- Taped and Broadcast the Scottish Heritage Festival
- Taped and Broadcast the Technology Achievement Awards
- Taped and Broadcast the Christmas Tree Lighting Ceremony
- Taped and Broadcast the Excellence in Education Awards
- Taped and Broadcast the T.C. Williams vs. W. Springfield Boys Basketball Game
- Taped and Broadcast the T.C. Williams vs. W. Potomac Boys Basketball Game
- Taped and Broadcast the Grace Episcopal Spring Program
- Taped and Broadcast the CTE Awards Program
- Taped and Broadcast Monthly Program for Mayor of City of Alexandria
- Taped and Broadcast Monthly Program for Chamber of Commerce
- Taped and Broadcast Monthly Program for Fire Department
- Taped and Broadcast Monthly Program for Alexandria Library
- Taped and Broadcast Monthly Program for Alexandria Education Partnership
- Taped and Broadcast Monthly Program for Alexandria Civic Associations
- Taped and Broadcast Monthly Program for Alexandria Senior Citizens
- Taped and Broadcast Monthly Program for Hoop Academy International
- Supported the NAACP Awards Banquet
- Supported the Northern Virginia Urban League Gala
- Participated in the City of Alexandria Softball Program
- Sponsored the Alexandria Scholarship Fund Telethon through in kind work planning and broadcasting live and on replay the telethon event. This year's telethon raised over \$100,000.

- Sponsored the Training of Hoop Academy International Students in Field Production and Studio Class

Produced Comcast Local Edition interviews, appearing on Headline News for the following organizations:

City of Alexandria Recreation, Parks & Cultural Activities  
 Alexandria Chapter of the American Red Cross  
 Inova Blood  
 Alexandria Convention & Visitors Center  
 Office on Women - Domestic Violence  
 Office on Women – Walk to Fight Breast Cancer  
 Office on Women – Sexual Assault Awareness Month  
 Office on Women – Salute to Women Awards  
 The Scholarship Fund of Alexandria Telethon  
 SOC Enterprises - promotes independence for people with disabilities  
 Northern Virginia Aids Ministry  
 Alexandria Chamber of Commerce  
 Irish Festival  
 St. Patrick’s Day Parade  
 Alexandria Commission for the Arts  
 Alexandria Outdoor Film Festival  
 The Campagna Center  
 Alexandria Waterfront Festival  
 The Twig – Tour of Homes  
 Alexandria Symphony Orchestra  
 First Night Alexandria  
 Samaritan Ministry of Greater Washington  
 Pentagon Memorial Fund  
 Agenda Alexandria  
 Carpenter’s Shelter  
 National MS Society  
 Vola Lawson Animal Shelter  
 Alzheimer’s Association  
 Mother’s Against Drunk Drivers  
 Child & Family Network Center  
 Northern Virginia Family Services  
 Armenian Festival  
 Girl Scout Council  
 The Art League  
 SCAN  
 CrisisLink  
 Azalea Charities  
 Avon Walk to Fight Breast Cancer

Alexandria Technology Achievement Awards  
Lupus Foundation of Greater Washington  
Alexandria United Way  
Alexandria Symphony Ball  
The Carlyle House  
Northern Virginia Urban League  
Alexandria Animal Welfare League  
The Torpedo Factory  
Opera Theater of Northern Virginia  
Senior Services  
Alexandria Volunteer Bureau  
Ummah Endowment fund  
Live on Wilson Plaza  
Pan Am Games for the Deaf Youth  
Employer Support of the Guard and Reserve  
America's 400<sup>th</sup> Anniversary  
Alexandria Convention and Visitors Center  
National Museum of Marine Corp  
Cable in the Classroom Leaders in Learning Awards  
Arlington National Cemetery  
Community Lodgings  
First and Second Thursday in Del Ray  
Capital Hospice  
Boys & Girls Club of Greater Washington  
Metro Stage  
Coats for Kids  
National Network to End Domestic Violence  
The Leukemia & Lymphoma Society  
Gila's Club of Greater Washington  
United States Hispanic Chamber of Commerce  
Bladder Cancer Advocacy Network  
National Puerto Rican Coalition  
Cure Autism Now  
Northern Virginia Regional Park Authority  
Cold War Museum  
Parent Leadership Institute of Alexandria  
AARP  
Friends of the Occoquan  
Northern Virginia Regional Center UMFS  
League of United Latin American  
06 Metro Area Toys for Tots  
Virginia Department of Transportation  
Senate of Virginia  
Gala Hispanic Theatre  
Hopkins House  
Community Residences

Alexandria Black History Museum  
Ballyshaners  
National Ms Society  
American Diabetes Association  
Smithsonian  
Virginia Gang Investigators Association  
National Cherry Blossom Festival  
Colon Cancer Foundation  
Metropolitan Washington Council of Governments  
Y-Me, Breast Cancer Support Organization  
Yockadot Poetics Theatre Project  
Historic Alexandria Foundation  
Arlington-Alexandria Coalition for the Homeless  
National Center for Black Philanthropy  
Special Olympics VA  
Cultural Foundation for Children  
Virginia Department of the Deaf and Hard of Hearing  
Hispanic Federation Gala 2007 RC



## **2007 ANNUAL REPORT**

**FINANCIAL REPORTS**  
**AUDITED GROSS RECEIPTS**  
**LETTER TO THE SHAREHOLDERS**  
**10-K**

**AUGUST 30, 2007**

<p>COMCAST OF VIRGINIA, INC.          ALEXANDRIA          BALANCE SHEET          DECEMBER 31, 2006          (UNAUDITED)</p>
---

ASSETS

CURRENT ASSETS

Cash	\$	46,125
Accounts receivable, less allowance for doubtful accounts of \$317,605		1,031,090
Other current assets		<u>228,436</u>
Total current assets		1,305,651

PROPERTY AND EQUIPMENT

	117,581,213
Less accumulated depreciation	<u>(75,359,601)</u>
	42,221,612

INTANGIBLE ASSETS

	133,800,682
Less accumulated amortization	<u>(3,271,614)</u>
	<u>130,529,068</u>

**\$ 174,056,331**

LIABILITIES AND SYSTEM DEFICIENCY

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$	3,310,469
Subscriber advance payments		323,482
Due to affiliates		<u>168,511,592</u>

Total current liabilities 172,145,543

NOTE PAYABLE 9,020,582

OTHER LONG TERM LIABILITIES 1,443,358

SYSTEM DEFICIENCY (8,553,152)

**\$ 174,056,331**



<p>COMCAST OF VIRGINIA, INC.          ALEXANDRIA          STATEMENT OF OPERATIONS AND SYSTEM DEFICIENCY          YEAR ENDED DECEMBER 31, 2006          (UNAUDITED)</p>
--

REVENUES	\$ 59,353,791
COSTS AND EXPENSES	
Operating	18,389,928
Selling, general and administrative	15,696,806
Depreciation and amortization	12,786,364
	<u>46,873,098</u>
OPERATING INCOME	12,480,693
INTEREST EXPENSE, net	<u>1,144,876</u>
NET INCOME	11,335,817
SYSTEM DEFICIENCY, BEGINNING OF YEAR	<u>(19,888,969)</u>
SYSTEM DEFICIENCY, END OF YEAR	<u><u>\$ (8,553,152)</u></u>

COMCAST OF VIRGINIA, INC. ALEXANDRIA BALANCE SHEET DECEMBER 31, 2006 (UNAUDITED)
--

ASSETS

## CURRENT ASSETS

Cash	\$ 46,125
Accounts receivable, less allowance for doubtful accounts of \$317,605	1,031,090
Other current assets	228,436
	<hr/>
Total current assets	1,305,651

## PROPERTY AND EQUIPMENT

	117,581,213
Less accumulated depreciation	(75,359,601)
	<hr/>
	42,221,612

## INTANGIBLE ASSETS

	133,800,682
Less accumulated amortization	(3,271,614)
	<hr/>
	130,529,068

	<hr/>
	<b>\$ 174,056,331</b>
	<hr/>

LIABILITIES AND SYSTEM DEFICIENCY

## CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 3,310,469
Subscriber advance payments	323,482
Due to affiliates	168,511,592
	<hr/>

Total current liabilities	172,145,543
---------------------------	-------------

## NOTE PAYABLE

9,020,582
-----------

## OTHER LONG TERM LIABILITIES

1,443,358
-----------

## SYSTEM DEFICIENCY

<hr/>
(8,553,152)

	<hr/>
	<b>\$ 174,056,331</b>
	<hr/>

<p>COMCAST OF VIRGINIA, INC.          ALEXANDRIA          STATEMENT OF OPERATIONS AND SYSTEM DEFICIENCY          YEAR ENDED DECEMBER 31,2006          (UNAUDITED)</p>
---

REVENUES	\$ 59,353,791
COSTS AND EXPENSES	
Operating	18,389,928
Selling, general and administrative	15,696,806
Depreciation and amortization	12,786,364
	<u>46,873,098</u>
OPERATING INCOME	12,480,693
INTEREST EXPENSE, net	<u>1,144,876</u>
NET INCOME	11,335,817
SYSTEM DEFICIENCY, BEGINNING OF YEAR	<u>(19,888,969)</u>
SYSTEM DEFICIENCY, END OF YEAR	<u>\$ (8,553,152)</u>

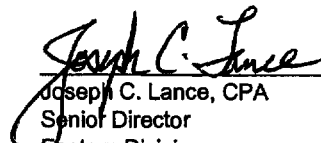
CITY OF ALEXANDRIA  
FY 2006 GROSS REVENUE  
UNAUDITED

FY 2006 Gross Revenues

Basic	\$ 26,307,946.58
Pay	\$ 3,679,174.79
Digital	\$ 7,449,718.55
PPV & VOD	\$ 1,360,191.06
Equipment	\$ 82,853.08
Installation	\$ 432,539.65
Net Ad Sales	\$ 3,384,765.89
Shopping	\$ 303,258.20
Other	<u>\$ 879,830.75</u>
Gross Revenue	\$ 43,880,278.56
LESS: Net Write Offs	<u>\$ (611,585.23)</u>
Adjusted Gross Revenues	\$ 43,268,693.33
Franchise Tax Percentage	<u>3%</u>
Franchise Fee Due	<u>\$ 1,298,060.80</u>

Certification:

This schedule presents fairly, in all material respects, the gross revenues as defined in Section 1(a) of the Franchise Agreement effective June 18, 1994, of Comcast of Virginia, Inc., for the franchise area described above for the year ended December 31, 2006.

  
Joseph C. Lance, CPA  
Senior Director  
Eastern Division

# Report of Independent Registered Public Accounting Firm

## Board of Directors and Stockholders

### Comcast Corporation

#### Philadelphia, Pennsylvania

We have audited the accompanying consolidated balance sheet of Comcast Corporation and subsidiaries (the "Company") as of December 31, 2006 and 2005, and the related consolidated statements of operations, cash flows and stockholders' equity for each of the three years in the period ended December 31, 2006. We also have audited management's assessment, included under the caption *Management's Report on Internal Control Over Financial Reporting*, that the Company maintained effective internal control over financial reporting as of December 31, 2006, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on these financial statements, an opinion on management's assessment, and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Comcast Corporation and subsidiaries as of December 31, 2006 and 2005, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2006, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2006, is fairly stated, in all material respects, based on the criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on the criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

As discussed in Note 10 to the consolidated financial statements, the Company adopted Statement of Financial Accounting Standards No. 123R, "Share Based Payments," effective January 1, 2006.

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**

Philadelphia, Pennsylvania

February 23, 2007