

Commission admits to giving MetroVision faulty data

By John M. Maliszewski
staff writer

Business has worked out for differently in the tri-city area than either the MetroVision cable company or the Southwestern Oakland Cable Commission (SWOCC) had expected.

With MetroVision's reported \$3.7 million loss, with fewer subscribers than expected and with costs higher than anticipated, commission members said they were not surprised with the cable firm's request for a rate increase.

"Our skirts are not completely clean," said City Manager and SWOCC member Robert Deadman. "We have to accept a little of the blame."

SWOCC admits giving incorrect information, through its consultants, to the cable firm early in the franchising process, Deadman said.

That incorrect information, he said, led to a controversy last November that forced MetroVision to go back and lay at least an additional 60 miles of wire in areas of Novi and Farmington

Hills that were expected to be more densely populated.

"Their costs have gone up based on the amount of cable they have had to lay," said Novi City Manager Ed Kriewall.

Unlike most areas targeted for cable, Novi and Farmington Hills have larger residential lots and many of the neighborhoods are sparsely populated.

Farmington, on the other hand, avoided many of the wiring problems by developing on a grid pattern. Neighborhoods are more densely populated.

BUT HAVING TO PUT in additional miles of cable has been only a part of the financial problem, according to MetroVision President Henry Harris of Atlanta, Ga.

Harris told a room full of more than 40 disgruntled tri-city residents that three major factors have affected MetroVision's business.

The first is the additional wiring that MetroVision had not anticipated. Originally, MetroVision expected to lay 350 miles of cable passing through 35,000 houses, Harris said.

As it turned out, MetroVision laid 440 miles of cable passing through fewer than 31,000 houses. The cable costs about \$20,000 a mile, Harris said.

... more importantly, it passes less houses than we anticipated," he said, and has provided MetroVision with less revenue than expected.

To date, MetroVision has about 13,000 subscribers. The firm had expected to reach a goal of 30,000 subscribers when they were first awarded the cable contract in June 1982. Those figures have since been revised to a goal of 18,000 subscribers.

Part of the problem, Harris said, is that the majority of apartment residents are not subscribing to cable because MetroVision cannot work out agreements with the owners of apartment buildings.

Income that MetroVision expected from other services, such as security and banking, and which have not panned out technologically as anticipated, is a second factor affecting the cable firm's finances, Harris said.

"As it turned out, these have not yet worked out economically," Harris said. The revenues MetroVision expected from these services, he said, has had a "material impact" on the cable system.

A third factor affecting the cable firm's financial picture, Harris said, is

the increased costs of satellite services such as ESPN.

Almost without exception, the cost of these services has increased from 14 cents a month per customer last year to 93 cents currently, Harris said.

In addition, copyright fees for programs out of Atlanta, Chicago and New York have increased, he said.

After announcing that MetroVision has an "accumulated loss" of \$3.7 million, Harris said that even with the proposed rate increase the cable firm doesn't anticipate any profits until 1986.

The proposed rate increase is still lower than MetroVision originally suggested last November when the contro-

versy over additional wiring arose, he added.

And the proposed rate increase, he said, is still less than the two other cable firms bidding for the tri-city's franchise in 1981 would have charged from the onset of service, Harris contended.

Public is unhappy

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mitted to by the cable firm's officials. When a customer calls the MetroVision office the line sounds like its ringing on the customer's line. But the line does not ring in the MetroVision office.

At other times the lines are continuously busy.

"It's certainly not the type of customer service we're attempting to provide," said MetroVision Regional Manager Tom Bjorklund.

BOTH BJORKLUND and MetroVision President Henry Harris promised the phone problem is being worked on and should be fixed soon.

Harris also admitted that MetroVision needs "to expand the number of people answering phones."

Other problems plaguing the cable firm, according to Bjorklund, are a change in its billing system and recent thunderstorms which disrupted service.

Subscribers' bills were late this month because MetroVision has switched to a new billing system. In the end, however, the new system should make it easier for a customer to receive information about their account, Bjorklund.

Because of the new computer system that also carries the new billing system, MetroVision lost many of the customers' calls for service, he added.

"As soon as all the bugs are worked out of the billing system, the phone system ... service to customers will be

significantly better," Bjorklund said. But MetroVision's explanations didn't change the minds of residents who were dead-set against the proposed rate increase.

"I don't think you are entitled to a rate increase with the poor service," said Thompson, who complained that she received only three bills in the year she has had cable service.

While poor service topped the list of complaints and reasons why MetroVision should not receive a rate increase, other residents said they refused to pay for the financial problems of the cable industry.

A Farmington Hills attorney charged that if MetroVision had done some research on the tri-city area, "they wouldn't be in this mess."

"They knew this was a risky business. They knew what they were getting into," he said.

STOCK BROKER Bill Reid said he "is not responsible for their (MetroVision's) industry."

"Their error in forecasting is not my problem," he said.

Another resident said the U.S. Constitution does not say "thou shalt make a profit."

"They are asking me to underwrite their business," said the resident, who admitted his service has been "pretty good."



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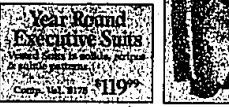
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