



**STATE OF CALIFORNIA
PUBLIC UTILITIES COMMISSION**

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Joint Application of Comcast Corporation,)
Time Warner Cable Inc., Time Warner)
Cable Information Services (California),)
LLC, and Bright House Networks)
Information Services (California), LLC) A.14-04-013
for Expedited Approval of the Transfer of)
Control of Time Warner Cable)
Information Services (California), LLC)
(U6874C); and the Pro Forma Transfer of)
Control of Bright House Networks)
Information Services (California), LLC)
(U6955C), to Comcast)
Corporation Pursuant to California Public)
Utilities Code Section 854(a))

Joint Application of Comcast Corporation,)
Time Warner Cable Information Services)
(California), LLC (U6874C) and Charter) A.14-06-012
Fiberlink CA-CCO, LLC (U6878C) for)
Expedited Approval to Transfer Certain)
Assets and Customers of Charter Fiberlink)
CA-CCO, LLC to Time Warner Cable)
Information Services (California), LLC,)
Pursuant to Public Utilities Code)
Section 851)

**OPENING TESTIMONY AND EXHIBITS OF
SUSAN M. BALDWIN
ON BEHALF OF THE UTILITY REFORM NETWORK**

December 10, 2014

ALLEGED CONFIDENTIAL INFORMATION HAS BEEN REDACTED

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- Confidential Exhibit SMB-3 Comcast confidential response to CD Q-1:60
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Exhibit SMB-39	Comcast response to CD Q-1:33
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Exhibit SMB-43	Comcast response to CD Q-1:54
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I. INTRODUCTION

Qualifications

Q: Please state your name, position, and business address.

A: My name is Susan M. Baldwin. I am a consultant, and my business address is 17 Arlington Street, Newburyport, Massachusetts, 01950. Since 1984, I have been specializing in the economics, regulation, and public policy of telecommunications. Since 2001, I have been consulting to public sector agencies and consumer advocates as an independent consultant.

Q: Please summarize your educational background and professional experience.

A: I have prepared a Statement of Qualifications, which is included as Attachment A.

Q: Have you previously testified before or submitted declarations to the California Public Utilities Commission (“PUC” or “Commission”)?

A: Yes. In 1997 and 1998, I co-authored declarations on behalf of AT&T Communications of California, Inc. (legacy AT&T), and MCI Telecommunications Corporation, in R.93-04-003 and I.93-04-002 (the Rulemaking on the Commission's Own Motion to Govern Open Access to Bottleneck Services and Establish a Framework for Network Architecture; Investigation on the Commission’s Own Motion into Open Access and Network Architecture Development of Dominant Carrier Networks). In 1999, I testified on behalf of the California Office of Ratepayer Advocate in A. 98-12-005 (In the Matter of the Joint Application of GTE and Bell Atlantic to Transfer Control of GTE’s California Utility Subsidiaries to Bell Atlantic, Which Will Occur Indirectly as a Result of GTE’s Merger with Bell Atlantic). Earlier this year I submitted direct and rebuttal testimony in PUC C. 13-12-005 (Complaint of The Utility Reform Network Regarding

1 Basic Service Rates of AT&T California (Public Utilities Code Section 1702;
2 Commission Rule of Practice and Procedure 4.1(b)), on behalf of The Utility Reform
3 Network (“TURN”).¹

4 **Q: In addition to the work you identified in response to the previous question, have you**
5 **analyzed other proposed transfers of control?**

6 **A:** Yes. I have participated in more than twenty state and federal regulatory investigations
7 of the proposed transfers of control of operations and licenses of wireline, wireless and
8 cable companies. As my Statement of Qualifications in Attachment A to my testimony
9 shows, I analyzed Comcast’s acquisition of NBCU, the proposed AT&T-T-Mobile
10 merger, the transfer of spectrum from Comcast and Cox to Verizon, AT&T’s transfer of
11 its Connecticut operations to Frontier, Verizon’s sale of its property to Frontier, and
12 Verizon’s sale of its operations to FairPoint. I also sponsored testimony and declarations
13 regarding Verizon’s acquisition of MCI; SBC’s acquisition of AT&T; AT&T’s
14 acquisition of BellSouth; and Sprint’s spin-off of its local operations. In the 1990s, I
15 analyzed the proposed mergers of Sprint and WorldCom; Bell Atlantic Corporation and
16 GTE Corporation; SBC and Ameritech; and SBC and SNET. Finally, I co-managed a
17 project to assist the ORA to analyze the Commission’s investigation of the merger of
18 Pacific Telesis Group and SBC Communications.

¹ Also I contributed to the following detailed report: “Assessing SBC/Pacific’s Progress in Eliminating Barriers to Entry: The Local Market in California Is Not Yet ‘Fully and Irreversibly Open’” (with Patricia D. Kravtin, Dr. Lee L. Selwyn, and Douglas S. Williams). Prepared for the California Association of Competitive Telecommunications Companies, July 2000.

1 **Assignment**

2 **Q: On whose behalf is this testimony being submitted?**

3 A: This testimony is being submitted on behalf of TURN. TURN asked me to analyze the
4 proposed acquisition by Comcast Corporation (“Comcast”) of Time Warner Cable Inc.
5 (“Time Warner Cable” or “TWC”)), and particularly to assess the impact of the proposed
6 transaction on residential consumers in California. TURN also asked me to propose
7 conditions in the event that the PUC is contemplating approving the transaction or in the
8 event that the PUC may recommend conditions to the Federal Communications
9 Commission (“FCC”).

10 **Organization of Testimony**

11 **Q: How is your testimony organized?**

12 A: Section I introduces my testimony and Section II summarizes my understanding of the
13 statutory and regulatory framework for reviewing this transaction. In Section III, I
14 summarizes the major aspects of the proposed transaction and provide an overview of the
15 Applicants’ national and California operations. In Section IV, I analyze the impact of the
16 proposed transaction on competition. Section V discusses consumer protection issues
17 and the merger-related synergies that the Applicants anticipate. In Section VI, I
18 summarize my proposed recommendations.

19 **Summary of Testimony**

20 **Q: Please summarize your findings and recommendations.**

21 A: The Commission should deny the proposed merger for several reasons. The merger is
22 not in the public interest; it poses anticompetitive concerns; and the purported benefits

1 are vague. The merger would eliminate Time Warner Cable, a company which possesses
2 significant resources and expertise, as a potential competitor to Comcast. The merger
3 would also eliminate a valuable benchmarking tool for consumers and regulators.
4 Although the two companies do not now compete, they have the resources to enter and
5 compete in each other's footprints. Moreover, if Comcast were to increase its national
6 subscriber base by approximately 50 percent, as it proposes to do with its acquisition of
7 Time Warner Cable, Comcast likely would become even less accountable to consumers,
8 regulators, and policy makers than it is now, and it would possess yet vaster resources for
9 lobbying local, state and federal policy makers than it now has.

10
11 If the Commission, contrary to my recommendation, is considering approving the
12 proposed transaction, I urge the Commission to establish safeguards to protect consumers
13 from service quality deterioration, price increases, and selective deployment of advanced
14 broadband Internet access service. I also urge the Commission to monitor Comcast's
15 post-transaction prices and service quality. I recommend that the Commission seek
16 commitments from Comcast to share the benefits of the merger-related synergies with
17 residential consumers and to facilitate mechanisms for mitigating post-transaction
18 consumer harm. Among other things, I urge the Commission to seek commitments from
19 Comcast to: increase consumers' participation in Internet Essentials, to broaden Internet
20 Essentials to include all low income households as well as other households that are on
21 the wrong side of the digital divide (households aged 65 and over and the disabled), to
22 commit to offering stand-alone voice and stand-alone broadband Internet access service
23 at affordable rates for at least five years, to agree not to oppose broadband deployment by

1 municipalities, and to expand consumer education regarding the impact of power outages
2 on the reliability of voice over Internet protocol (“VoIP”) service. Also, I urge the
3 Commission to seek commitments from Comcast to work closely with local and state
4 officials who are responsible for preparing for and responding to emergencies.

5
6 Comcast’s role in supporting the public welfare and economic development of California
7 is substantial. At least three out of ten households rely on VoIP for their link to the
8 public switched telephone network, and VoIP demand continues to increase: Comcast is
9 likely the state’s largest VoIP supplier. Broadband Internet access has become an
10 essential service, yet its deployment, speed, and adoption varies enormously throughout
11 the state and among Californians. Moreover, there is insufficient competition in the
12 voice market and in the broadband Internet access market to yield reasonable rates, terms
13 and conditions for these essential services, and to cause Comcast to flow through any
14 merger-related synergies to consumers. Instead, it is likely that the proposed merger
15 would make Comcast even less accountable to state and federal regulators than it already
16 is. Measures to ensure that Comcast provides tangible benefits to consumers and agrees
17 to measures to increase its accountability to regulators and policy makers are essential to
18 mitigate against the harm to public interest posed by the proposed transaction.

1 **II. STANDARD OF REVIEW**

2 **Q: Please describe your general understanding of the applicable statutory framework**
3 **that guides the Commission’s review of the proposed transaction.**

4 A: Section 854 of the Public Utility Code sets forth the guidelines for the Commission’s
5 review of mergers such as that proposed in this proceeding.

6
7 *Pub. Util. Code § 854(a)* specifies that, “No person or corporation, whether or not
8 organized under the laws of this state, shall merge, acquire, or control either directly or
9 indirectly any public utility organized and doing business in this state without first
10 securing authorization to do so from this Commission. The Commission may establish
11 by order or rule the definitions of what constitute merger, acquisition, or control activities
12 that are subject to this section of the statute.”

13
14 *Pub. Util. Code § 854(b)* states:

15 Before authorizing the merger, acquisition, or control of any electric, gas,
16 or telephone utility organized and doing business in this state, where any
17 of the utilities that are parties to the proposed transaction has gross annual
18 California revenues exceeding five hundred million dollars
19 (\$500,000,000), the commission shall find that the proposal does all of the
20 following:

- 21
22 (1) Provides short-term and long-term economic benefits to ratepayers.
23 (2) Equitably allocates, where the commission has ratemaking authority,
24 the total short-term and long-term forecasted economic benefits, as
25 determined by the commission, of the proposed merger, acquisition, or
26 control, between shareholders and ratepayers. Ratepayers shall
27 receive not less than 50 percent of those benefits.
28 (3) Not adversely affect competition. In making this finding, the
29 commission shall request an advisory opinion from the Attorney

1 General regarding whether competition will be adversely affected and
2 what mitigation measures could be adopted to avoid this result.
3

4 **Q: Are you asserting that the Applicants are “public utilities”?**

5 A: I am advised by TURN that the Applicants satisfy the definition of public utilities, and
6 that, therefore Section 854 applies to the proposed transaction.

7 **Q: What are the Section 854(c) criteria?**

8 A: The eight criteria set forth in Section 854(c) include the following:

- 9 (1) Maintain or improve the financial condition of the resulting public
10 utility doing business in the state.
11 (2) Maintain or improve the quality of service to public utility ratepayers
12 in the state.
13 (3) Maintain or improve the quality of management of the resulting public
14 utility doing business in the state.
15 (4) Be fair and reasonable to affected public utility employees, including
16 both union and nonunion employees.
17 (5) Be fair and reasonable to the majority of all affected public utility
18 shareholders.
19 (6) Be beneficial on an overall basis to state and local economies, and to
20 the communities in the area served by the resulting public utility.
21 (7) Preserve the jurisdiction of the commission and the capacity of the
22 commission to effectively regulate and audit public utility operations in
23 the state.
24 (8) Provide mitigation measures to prevent significant adverse
25 consequences which may result.

26
27 It is also my general understanding that, in applying the criteria set forth in Pub. Util.

28 Code Section 854(c), the Commission must determine whether a proposed transaction is
29 in the public interest, and that, pursuant to Pub. Util. Code Section 854(e), Joint
30 Applicants have the burden of proving by a preponderance of the evidence that the
31 requirements of Section 854 (a), (b) and (c) are met.

1 **Q: Have you reviewed the Scoping Memo for this proceeding?**

2 **A:** Yes. Among other things, the Scoping Memo states:

3
4 The scope of this proceeding includes all issues that are relevant to the
5 proposed Merger's impacts on California consumers in order to inform
6 this Commission's comments with the FCC, and determine whether any
7 conditions should be placed upon a merged entity. Bearing in mind our
8 limited resources and the FCC's and Department of Justice's concurrent
9 review of the Merger, we intend to focus this proceeding on (but do not
10 limit it to) the following limited issues that have the greatest impact on
11 California consumers:
12

- 13 1. Does the proposed change of control and the Merger meet the criteria
14 enumerated in Pub. Util. Code § 854(c)? Specifically, parties should focus
15 their attention on the criteria enumerated in Pub. Util. Code § 854(c)(6)
16 and (c)(8), with due consideration given to the merger's effect on safety,
17 reliability, consumer protection, competition as well as voice, backhaul,
18 wholesale and broadband services in California.
- 19 2. What are the implications of the Merger for broadband deployment in
20 California including, in particular, deployment of broadband to elementary
21 and secondary schools and classrooms and to unserved and underserved
22 areas of the State?
- 23 3. Is the proposed change of control in the public interest, taking into account
24 findings of fact related to topics 1 and 2?
 - 25 a. Would the Merger enhance safety and reliability of California customers
26 who receive voice and broadband services from the merged entity?
 - 27 b. Would the merged entity result in greater build out to unserved and
28 underserved areas in California as well as to California schools and
29 libraries?
 - 30 c. How would the Merger benefit California consumers? For example, will
31 the merger benefit low income outreach and adoption of broadband
32 services that are accessible, affordable, and equitable in a manner that is
33 enforceable and will help close the digital divide? Will the merger help
34 educate consumers on using computers and the internet when service is
35 provided? Will the merged entity offer standalone internet access and
36 make sure consumers are aware of this offer?
 - 37 d. Would the Merger maintain or improve the quality of service to California
38 consumers?
 - 39 e. What Merger-specific and verifiable efficiencies would likely be realized
40 by the merger?

- 1 f. What impact would the Merger have on the market for special access or
2 backhaul services?
3 i. What alternatives to the merging entities' special access backhaul facilities
4 currently exist, and what alternatives would exist after the merger?
5 ii. Would the Merger increase the ability of the merging parties to impose
6 exclusive or requirements contracts on purchasers of backhaul services?
7 g. Would the Merger, which is planned as a nationwide transaction, have
8 specific or different effects in California? For example, would the merger
9 result in less competition in the California marketplace for broadband
10 customers as compared to broadband customers nationally?²
11

12 The Scoping Memo also discussed the Commission's Section 706 authority:
13

14 Therefore, the scope of the Commission's current review of the Merger
15 between Comcast and TWC, as stated in this Ruling, falls within the
16 limited authority granted under Pub. Util. Code § 854 and Section 706(a)
17 of the Telecommunications Act. The Commission is seeking information
18 under the limited authority granted by state and federal law and protecting
19 the public interest to promote state and federal goals, such as encouraging
20 broadband deployment, promoting safety and furthering "innovation,
21 consumer choice and protection, and economic benefits to California."³
22

23 **Q: Is the FCC reviewing the proposed transaction?**

24 **A:** Yes. The FCC is reviewing the proposed transaction in MB Docket No. 14-57.⁴ On
25 October 22, 2014, the FCC's Media Bureau issued an Order Suspending the Pleading

² Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge, at 12-14.

³ Id., at 12, cite omitted.

⁴ On April 8, 2014, Comcast Corporation ("Comcast") and Time Warner Cable Inc. ("TWC") submitted joint applications to the Commission seeking consent to transfer control of various Commission licenses and other authorizations pursuant to Sections 214 and 310(d) of the Communications Act of 1934, as amended ("Act"). On April 8, 2014, Comcast and Time Warner Cable Inc. submitted joint applications to the Commission seeking consent to transfer control of various Commission licenses and other authorizations pursuant to Sections 214 and 310(d) of the Communications Act of 1934, as amended ("Act"). See 47 U.S.C. §§ 214, 310(d); Applications of Comcast Corp. and Time Warner Cable Inc. for Consent to Transfer Control of Licenses and Authorizations, Applications and Public Interest Statement ("FCC Joint Application" and "FCC Public Interest Statement") (filed Apr. 8, 2014).

1 Cycle and Stopping 180-Day Informal Time Clock to address disputes regarding parties'
2 access to Video Programming Confidential Information ("VPCI").⁵ On December 3,
3 2014, the FCC issued a public notice that sets forth new pleading cycles,⁶ and that states,
4 among other things: "No Reviewing Party shall have access to VPCI pending the court's
5 decision in the litigation."⁷ The FCC established a new date for Replies to
6 Responses/Oppositions – they were originally scheduled to be due on October 8, 2014,
7 and now are due on or before December 23, 2014.⁸ The FCC restarted its informal 180-
8 day "clock" as of December 3, 2014, and indicated that the clock for the Comcast-Time
9 Warner Cable proceeding is restarted at Day 85,⁹ which implies that if the FCC
10 completes its review within the 180-day period, it may issue a decision in early March
11 2015. Of course, the outcome of the litigation regarding the VPCI could prolong the
12 FCC's investigation of the proposed merger.

13 **Q: Is the Department of Justice ("DoJ") reviewing the proposed merger?**

14 **A: Yes.**¹⁰

⁵ FCC Docket MB 14-57, Order, issued October 22, 2014, DA 14-1523.

⁶ FCC Public Notice DA 14-1739, "Commission Restarts Clock in Comcast-Time Warner Cable and AT&T-DIRECTV Merger Proceedings and Establishes Dates for Respective Pleading Cycles," MB Docket Nos. 14-57 and 14-90, released December 3, 2014.

⁷ Id., at 3.

⁸ The FCC also stated: "When the court determines whether VPCI may be made available pursuant to the Second Amended Modified Joint Protective Orders, we will consider what further adjustment to the pleading requirements or transaction review clocks may be appropriate in light of the Court's ruling to provide adequate time for Reviewing Parties to review and comment on the VPCI and for the Commission to consider such comments in its analysis." Id., at 3.

⁹ Id., at 3.

¹⁰ See, e.g., "Opposition to Proposed Merger of Comcast Corp. and Time Warner Cable," filed October 2,

III. OVERVIEW OF PROPOSED TRANSACTION

Application

Q: Have you reviewed the Joint Application?

A: Yes. Comcast and Time Warner Cable (“Applicants”) filed their Joint Application on April 11, 2014 (“A.14-04-013 Joint Application”),¹¹ pursuant to Section 854(a) of the California Public Utilities Code and Article 2 and Rule 3.6 of the Commission’s Rules of Practice and Procedure. The A.14-04-013 Joint Application seeks approval of the transfer of “indirect, ultimate control” of Time Warner Cable Information Services (California), LLC (“TWCIS (CA)”) to Comcast Corporation.¹² In addition, the Applicants seek transfer of any indirect, legal interest in Bright House California to Comcast.¹³ The Joint Applicants contend that the proposed transaction will “enhance

2014 by Consumers Union with the DoJ. Among other things, Consumers Union states (at page 1):

We believe this merger violates section 7 of the Clayton Act, as it would substantially lessen competition, impede innovation by online video distributors, threaten innovation in equipment and platforms, and reduce the quality and diversity of information sources and services to the public, all to the detriment of consumers. Moreover, it would encourage a cascade of new mergers, opening the floodgates to even further concentration; new deals are already being proposed or reportedly under consideration in the wake of the Comcast/TWC announcement.

¹¹ Joint Application of Comcast Corporation, Time Warner Cable Inc., Time Warner Cable Information Services (California), LLC, and Bright House Networks Information Services (California), LLC for Expedited Approval of Indirect Transfer of Control of Time Warner Cable Information Services (California), LLC, (U-68740-C); and The Pro Forma Transfer of Control of Bright House Networks Information Services (California), LLC (U-6955-C) to Comcast Corporation, Pursuant to Public Utilities Code Section 854(A), Application No. 14-04-013, filed April 11, 2014 (“A. 14-04-013 Joint Application”).

¹² Time Warner Cable will become a wholly owned subsidiary of Comcast. A.14-04-013 Joint Application, at 10.

¹³ Joint Applicants state that “although Joint Applicants do not believe that Time Warner Cable currently

1 consumer welfare and competition and deliver substantial public interest benefits,
2 including greater competition in market segments that neither company can serve
3 effectively on its own today.”¹⁴ Joint Applicants further assert that the proposed
4 transaction will not harm competition because the companies currently do not compete
5 directly in California and, that instead the transaction will “improve” competition.¹⁵
6

7 On June 17, 2014, Comcast (on behalf of “prospective wholly owned subsidiary” TWCIS
8 (CA)), Charter Fiberlink CA-CCO, LLC and TWCIS (CA) (“Joint Applicants”) filed a
9 Joint Application to request the authorization of the transfer of assignment for a “limited
10 number of non-residential (“business”) customers and associated regulated assets of
11 Charter Fiberlink to TWCIS (CA) under PU Code Section 851.”¹⁶ Contingent upon the
12 approval of the Comcast and Time Warner transaction, Charter Fiberlink would transfer
13 all of its business telecommunications service customers with the exception of those in
14 Lake Tahoe to TWCIS (CA). This proposed transfer is estimated to impact fewer than

exercises any actual control of Bright House California, out of an abundance of caution, the Applications also seeks authority for the pro forma transfer of Time Warner Cable’s indirect, legal interest in the certificate held by Bright House California (U-6955-C).” A.14-04-013 Joint Application, at 2.

¹⁴ Id.

¹⁵ Id.

¹⁶ Joint Application of Comcast Corporation, Time Warner Cable Information Services (California), LLC, and Charter Fiberlink CA-CCO, LLC (U6878C) for Expedited Approval to Transfer Certain Assets and Customers of Charter Fiberlink CA-CCO, LLC to Time Warner Cable Information Services (California), LLC, Pursuant to Public Utilities Code Section 851, filed June 17, 2014 (“A.14-06-012 Joint Application”).

1 1,000 business customers.¹⁷

2
3 According to the Joint Applicants, the competitive local exchange carriers (“CLECs”)
4 implicated in the transaction, TWCIS (CA) and Bright House California, “face
5 substantial competition” and are “relatively small” (defined as “less than \$500 million in
6 gross annual California revenues”), and, therefore, the Commission should approve the
7 proposed transaction without hearing.¹⁸

8 **Applicants’ National Operations**

9 **Q: Please describe generally the Applicants’ national rankings in broadband Internet**
10 **access and cable markets.**

11 A: The transaction would merge two national giants. Comcast is the nation’s largest
12 broadband Internet access provider and Time Warner Cable is the third largest broadband
13 Internet access provider (AT&T is the second largest).¹⁹ Comcast is the nation’s largest
14 cable provider and Time Warner Cable is the second largest cable provider.²⁰

15 **Q: Please describe Time Warner Cable’s national operations.**

16 A: Time Warner Cable provides voice, video and high-speed Internet services to consumers

¹⁷ Id., at 9.

¹⁸ A.14-04-013 Joint Application, at 2-3. Joint Applicants propose that the proceeding be considered as a rate setting matter. Id., at 28.

¹⁹ Leichtman Research Group Press Release, "About 700,000 Add Broadband in the Third Quarter of 2014: 86.6 Million Get Broadband from Top Cable and Telephone Companies," November 18, 2014, available at: <http://www.leichtmanresearch.com/press/111814release.html>

²⁰ Consumers Union Press Release, “CR Poll: Most consumers oppose the Comcast / Time Warner cable merger,” June 19, 2014, available at: <http://consumersunion.org/news/cr-poll-most-consumers-oppose-the-comcast-time-warner-cable-merger/>

1 and business in portions of 31 states. Time Warner Cable reported \$22.1 billion in
2 revenues and net income of \$2 billion in 2013.²¹ Time Warner's cable network serves
3 approximately 11.4 million residential and business video customers, 11.6 million high-
4 speed Internet residential and business customers and serves approximately 5.3 million
5 voice subscribers²² (4.8 million residential voice subscribers and 275,000 business voice
6 subscribers).²³

7 **Q: Please describe Comcast's national operations.**

8 A: Comcast has facilities in 39 states and the District of Columbia and provides digital
9 voice, video and high-speed Internet services to residential and business customers.²⁴
10 Comcast reported \$64.7 billion in revenues and net income of \$7.1 billion in 2013.²⁵
11 Comcast currently provides service to approximately 21.7 million video (residential and
12 business) customers, 20.7 high-speed Internet (residential and business) customers and
13 10.7 million residential and business customer voice services.²⁶

14 **Joint Applicants' California operations**

15 **Q: Please describe Time Warner Cable's operations in California.**

16 A: Time Warner Cable serves five Los Angeles area counties in California, including
17 Ventura, Los Angeles, Orange, San Bernardino, and Riverside as well as areas

²¹ Time Warner Cable 2013 Annual Report on Form 10-K, at 37, 60.

²² FCC Public Interest Statement, at 14-15.

²³ FCC Joint Application, at 3.

²⁴ A.14-04-013 Joint Application, at 7.

²⁵ Comcast 2013 Annual Report on Form 10-K, at 45, 50.

²⁶ FCC Public Interest Statement, at 8-10.

1 surrounding Palm Springs and portions of San Diego County and El Centro (Imperial
2 County).²⁷ TWCIS (CA) does not offer end-user voice services to consumers directly.
3 TWCIS (CA) provides wholesale services (switched access and local interconnection) to
4 retail VoIP providers including TWC Digital Phone, LLC (described as TWCIS (CA)'s
5 "non-carrier affiliate"), who, in turn, provides retail VoIP services to consumers.²⁸ Time
6 Warner Cable also offers video and high-speed data services.²⁹

7 **Q: Have you reviewed Time Warner Cable's revenues in California?**

8 A: Yes. Time Warner Cable's 2013 California revenues include, among others,

9 approximately [BEGIN TWC CONFIDENTIAL] [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED] [END TWC CONFIDENTIAL]³⁰

15 **Q: What is your understanding of the relationship of Bright House California to this**

²⁷ A.14-04-013 Joint Application, at 4-5.

²⁸ Id., at 4. TWCIS (CA) was granted Eligible Telecommunications Carrier status for the purpose of providing Lifeline services in April 2014 with the understanding that TWC Digital Phone, LLC would transfer its customers to TWCIS (CA) before such time as TWCIS (CA) began offering Lifeline. Neither the transfer of customers nor the offering of Lifeline had begun as of the date of the Application. A.14-04-013 Joint Application, at 4. Joint Applicants state that if TWCIS (CA) begins to offer Lifeline service before the proposed transaction, Comcast will continue to provide service to Lifeline customers afterwards. Id., at 21-22.

²⁹ Id., at 5.

³⁰ Time Warner Cable confidential response to ORA Q-1:53, which I have reproduced as Confidential Exhibit SMB-1.

1 **proceeding?**

2 A: Bright House California offers wholesale services to its parent, Bright House Networks,
3 LLC (“BHN”) and Time Warner Cable holds an indirect ownership interest in Bright
4 House California.³¹ In turn BHN provides VoIP, video and broadband services to
5 customers in its franchise areas in Bakersfield and Kern County.³² While Time Warner
6 Cable has a majority interest in Bright House Networks, Time Warner Entertainment
7 Advance-Newhouse Partnership has day-to-day control over Bright House California.³³
8 The proposed merger would not affect Bright House’s operations.

9 **Q: Please describe Comcast’s California operations.**

10 A: Comcast provides the same array of services in California as it does nationally. It offers
11 these services through a “non-common carrier VoIP operating subsidiary,” Comcast IP
12 Phone II, LLC.³⁴ Interconnected VoIP services are provided in the “vast majority” of
13 Comcast’s cable footprint in California, including the San Francisco Bay Area,
14 Sacramento, and portions of Mendocino, Nevada, Tulare, and Yuba counties.³⁵

15 **Q: Have you reviewed Comcast’s California revenues?**

16 A: Yes. For the year ending December 31, 2013, of the [BEGIN COMCAST

17 **CONFIDENTIAL]** [REDACTED]

³¹ A.14-04-013 Joint Application, at 5.

³² Id., at 6.

³³ Time Warner Cable holds 66.67% of Time Warner Entertainment Advance-Newhouse Partnership, which is the sole member of Bright House Networks. Id., at 6.

³⁴ Id., at 7.

³⁵ Id.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] [END COMCAST

CONFIDENTIAL]³⁶

The Joint Applicants' depiction of the impact of the proposed transaction on California's consumers.

Q: How do the Joint Applicants characterize the impact of the proposed transaction on consumers in California?

A: Joint Applicants assert that the proposed transaction will be "seamless" to customers in California because TWCIS (CA) will become a subsidiary of Comcast but the Application does not seek any transfer of customers or changes in rates.³⁷ Joint Applicants further state that TWCIS (CA) and Bright House Networks will continue as separate operating entities.³⁸ Yet, the benefit to consumers touted by Joint Applicants is that the companies plan to adopt the best practices and the best offerings from each company to offer a suite of residential services.³⁹ Joint Applicants state that if, after the

³⁶ Bates Comcast_ORA_0000093. I include excerpts from Comcast's confidential response to ORA 1-53, Confidential Exhibit ORA/Comcast R-1:53 as Confidential Exhibit SMB-2 (Bates Comcast_ORA_0000090-94).

³⁷ A.14-04-013 Joint Application, at 11.

³⁸ Id.

³⁹ Id., at 16.

1 proposed transaction, Comcast wishes to make changes to rates, terms or conditions of
2 service or the transfer of customers, it will follow any applicable filing or notice
3 requirements.⁴⁰

4 **Q: What do the Joint Applicants propose with respect to the standard of review?**

5 A: The Joint Applicants urge the Commission to review the proposed transaction under PU
6 Code Section 854(a) and contend that PU Code Sections 854(b) and 854(c) do not apply
7 to the transaction.⁴¹ The Joint Applicants state that the transaction meets the requirement
8 in 854(a) that the transaction not be “adverse to the public interest” and assert that the
9 proposed transaction will “generate substantial public interest benefits” by “enhancing”
10 competition in the voice market and the deployment of advanced voice services.⁴²
11 Nevertheless, the Joint Applicants, despite arguing that 854(c) is not applicable, state that
12 the proposed transaction meets the requirements set forth in this portion of the public
13 utility code.⁴³ The Joint Applicants state that the proposed transaction will “enhance the
14 financial condition of the companies,” and that the Joint Applicants will maintain service
15 quality, maintain the quality of management, and reasonably compensate stockholders.⁴⁴
16 Comcast contends that it will treat Time Warner Cable and Comcast employees fairly,
17 but that it has not yet begun transition efforts, and, therefore, cannot provide any clarity

⁴⁰ Id., at 21.

⁴¹ Id., at 12.

⁴² Id., at 14.

⁴³ Id., at 22.

⁴⁴ Id., at 23.

1 with respect to the impact of the proposed transaction on employees in California.⁴⁵

2 Finally, the Joint Applicants state that the proposed transaction will not adversely affect
3 the Commission's jurisdiction over TWCIS (CA) or Bright House.⁴⁶

4 **Q: Specifically, how would the proposed transaction enhance competition and**
5 **infrastructure deployment according to the Joint Applicants?**

6 A: Comcast and Time Warner Cable will purportedly "combine the best aspect of their
7 robust and innovative voice service" and will do so because Comcast will be adding scale
8 to its operations, in turn encouraging "more network investment in California."⁴⁷ In sum,
9 the Joint Applicants assert that the proposed transaction will create a company "even
10 better suited to offer an array of advanced voice services in competition with ILECs
11 [incumbent local exchange carriers] and other providers."⁴⁸ According to the Joint
12 Applicants, the merger would allow Comcast and Time Warner to compete in the
13 medium sized and enterprise business customer markets, a market segment in which they
14 contend they are currently geographically constrained.⁴⁹

15 **Q: How would the magnitude of Comcast's post-merger California operations compare**
16 **with its post-merger national operations?**

17 A: Comcast estimates that, post-merger, [BEGIN COMCAST CONFIDENTIAL]

⁴⁵ Id., at 23.

⁴⁶ Id., at 24.

⁴⁷ Id., at 14.

⁴⁸ Id.

⁴⁹ Id., at 17.

1 [REDACTED] [END COMCAST CONFIDENTIAL] of its
2 pro forma broadband and voice subscribers would be in the state of California.⁵⁰ I
3 provide public nationwide subscribership numbers for Comcast and Time Warner in
4 Table 1 below.

5 **Table 1**

6 **Comcast and Time Warner Cable Nationwide Subscribership Totals**
7 **as of Year-End 2013⁵¹**
8

	Comcast	Time Warner Cable
Video	21,700,000	11,400,000
Internet	20,700,000	11,600,000
Voice	10,700,000	5,300,000
Video (residential)		11,197,000
Internet (residential)		11,089,000
Voice (residential)		4,806,000

9
10 **Q: Did you review similar data for Comcast's and Time Warner Cable's operations in**
11 **California?**

12 **A:** Yes. Confidential Table 2, below, includes information about the companies' voice and
13 broadband household subscribership in California based on the Joint Applicants'
14 confidential responses to interrogatories. Although I have not reviewed California-

⁵⁰ Comcast response to CD Q-1:60, which I include as Confidential Exhibit SMB-3. In this response, Comcast does not indicate California's pre-merger share of its national operations.

⁵¹ Source: Comcast 2013 Annual Report on Form 10-K, at 3; Time Warner Cable 2013 Annual Report on Form 10-K, at 38. Comcast Annual Report did not include residential-only subscribers.

1 specific information regarding video demand,⁵² it is reasonable to assume that the pattern
2 of relative demand for the Applicants' video, Internet access, and voice services in
3 California tracks the national pattern of demand for these three market segments. The
4 public data in Table 1, above, shows that, nationally, there is almost a one-to-one ratio
5 between the quantity of video and Internet demand (0.95 for Comcast, and 0.98 for Time
6 Warner Cable). I assume similar demand patterns for California, and therefore
7 reasonable estimates of demand for Comcast's and Time Warner Cables's video services
8 in California are the quantities shown below for "subscribed broadband households,"
9 which are designated as confidential in Table 2, below.

⁵² In Specification 4 of its Information and Data Request, the FCC requested, among other things, separately by zip code and for the entire company "(a) the number of customer locations to which cable services are available, separately for residential customer locations and other customer locations, and the penetration rate." As of the date of finalizing my initial testimony, I had not received the confidential response. I am not aware whether California-specific video information was provided in this proceeding.

Confidential Table 2
Joint Applicants' Residential Broadband and Voice Penetration in California⁵³
[BEGIN COMCAST CONFIDENTIAL]

Comcast	Time Warner	Source
<i>Households Passed Where Broadband Is Available</i>	5,489,665	Time Warner response to ORA 1-1; Comcast first supplemental response to ORA 1-1
<i>Subscribed Broadband Households</i>	2,133,609	Response to ORA 1-2
<i>Percent of Homes Passed that Subscribe to Broadband</i>	39%	Calculation
<i>Households Passed Where Voice Is Available</i>	5,546,364	Response to ORA 1-29
<i>Subscribed Voice Households</i>	783,121	Response to ORA 1-30
<i>Percent of Homes Passed that Subscribe to Voice</i>	14%	Calculation

[END COMCAST CONFIDENTIAL]

⁵³ The data in the responses is undated with the exception of Comcast broadband data which is dated August 28, 2014. I assume this is most recent available data. I provide Comcast's responses to ORA Q-1:1, ORA Q-1:2, ORA Q-1:29 and Q-1:30 as Confidential Exhibit SMB-4. I include Time Warner's responses to these same four questions as Exhibit SMB-5. Time Warner does not designate its responses as confidential. In Comcast response to ORA 4-17, Comcast stated: "The total number of households passed where Comcast's voice service is available, as stated in Comcast's Response to ORA Q-1:29 is different from the total number of households passed by Comcast's broadband service, as provided in Comcast's Response to ORA Q-1:1, for four primary reasons. First, the data provided in Comcast's Response to ORA Q-1:29 is as of June 30, 2014. The data provided in Comcast's Response to ORA Q-1:1 is as of August 28, 2014. Second, the data provided in Comcast's Response to ORA Q-1:1 includes commercial locations, and only residential data was provided in Comcast's Response to ORA Q-1:29. Third, Comcast is precluded from offering its voice service in the service territories of certain small California ILECs (e.g., Calaveras Telephone and Kerman Telephone), where local wireline competition is prohibited. Accordingly, households passed by Comcast facilities in those areas are not included in Comcast's Response to ORA Q-1:29. Fourth, there is a small part of Comcast's footprint located in Mendocino County that was recently upgraded to have broadband capability, which is required to provide voice service, but is not yet voice-capable." I include Comcast's response to ORA Q-4:17 as Exhibit SMB-6

1 **Q: Do the Applicants offer stand-alone broadband Internet access (i.e., not as part of a**
2 **larger bundle of services) in California?**

3 A: Yes.⁵⁴ In California, as of June 2014, Comcast provided stand-alone broadband Internet
4 access service to [BEGIN COMCAST CONFIDENTIAL] [REDACTED] [END COMCAST
5 CONFIDENTIAL] households, and Time Warner Cable provided stand-alone
6 broadband Internet access services to 716,739 households.⁵⁵

7 **Q: Do the Applicants offer stand-alone voice service (i.e., without a requirement to**
8 **purchase an entire bundle with broadband Internet access or video)?**

9 A: Yes.⁵⁶

10 **Q: What are the stand-alone rates for residential voice service offered by Time Warner**
11 **Cable?**

12 A: The monthly rate for Unlimited National, Unlimited In-State, and Digital Phone Local,
13 when purchased on a stand-alone basis is \$39.99, \$29.99 and \$24.99, respectively.⁵⁷ It is
14 my understanding that the Unlimited In-State and the Digital Phone Local product are
15 only available on a stand-alone basis (i.e. there is no discount available for purchasing the

⁵⁴ Time Warner Cable response to ORA Q-1:14, which I include as Exhibit SMB-7. Comcast response to ORA Q-1:14, which I include as Exhibit SMB-8.

⁵⁵ Comcast confidential response to ORA Q-1:15 and Time Warner Cable public response to ORA Q-1:15, which I include as Confidential Exhibit SMB-9 (Comcast's response) and Exhibit SMB-10 (Time Warner Cable's response).

⁵⁶ Comcast response to CD Q-1:31, which I include as Exhibit SMB-11. Time Warner Cable response to CD Q-1:25, which I include as Exhibit SMB-12.

⁵⁷ Time Warner Cable response to ORA Q-1:28(d). I include the response as Exhibit SMB-13.

product as part of a larger bundle).⁵⁸ Confidential Table 3 below shows the number of subscribers for each residential voice product offered by Time Warner Cable.

Confidential Table 3

Time Warner Cable Residential Voice Service Offerings as of August 2014⁵⁹
(Prices are national and for stand-alone option; demand is for California and corresponds to the product and includes product purchased as part of larger bundles)

[BEGIN TWC CONFIDENTIAL]

Product	Price	Number of Subscribers
Unlimited National	\$39.99	
Unlimited In-State	\$29.99	
Digital Phone Local	\$24.99	

[END TWC CONFIDENTIAL]

Q: What are the voice offerings and corresponding prices for stand-alone residential service in Comcast's California territory?

A: Comcast offers Comcast Unlimited service (which includes nationwide direct-dial calling) on a stand-alone basis for \$44.95 per month and Local with More service (which is unlimited local calling) for \$34.95 per month on a stand-alone basis. The most

⁵⁸ Id.

⁵⁹ Source: Time Warner Cable response to ORA Q-1:28(d) (price) and Time Warner Cable confidential response to ORA Q-1:28(f) (subscribers). I include the response as Confidential Exhibit SMB-14 to my testimony. The document includes descriptions of each service and pricing for business products. The pricing information in Confidential Table 3 is public information and the demand data is considered confidential. Time Warner Cable does not indicate whether these prices are set nationally or specific to California.

recently available number of subscribers for each is included in Confidential Table 4 below.

Confidential Table 4

Comcast Residential Voice Service Offerings as of August 2014⁶⁰
(Prices are for stand-alone option; demand is for California and corresponds to product and includes product purchased as part of larger bundles)

[BEGIN COMCAST CONFIDENTIAL]

Product	Price	Number of Subscribers
Comcast Unlimited	\$44.95	
Local with More	\$34.95	

[END COMCAST CONFIDENTIAL]

Q: Have the Applicants indicated whether they intend, post-merger, to offer broadband Internet access and voice services as stand-alone options?

A: I am not aware of any specific commitments by the Applicants to do so.

Q: Have you reviewed the Joint Applicants' pricing for their broadband Internet access services?

⁶⁰ Source: Comcast confidential response to ORA Q-1:28 (number of subscribers) (which I include as Confidential Exhibit SMB-15) and Comcast Exhibit ORA/Comcast R-1:28 (price) (which I include as Exhibit SMB-16). The pricing information in Confidential Table 4 is public information and the demand data is considered confidential. Pricing information provided by Comcast is for Central California and the Bay Area.

1 A: Yes. Confidential Table 5 and Confidential Table 6 summarize rates for various
2 broadband Internet service offerings of Time Warner Cable and Comcast, respectively,
3 when purchased on a stand-alone basis. The tables also show demand for the different
4 broadband Internet access speeds, but the price that any particular customer actually pays
5 depends on whether she purchases the broadband as part of a bundle, and the rates for
6 that bundle.⁶¹

⁶¹ See Comcast's and Time Warner Cable websites for further pricing information.

Time Warner Cable Residential Internet Service Offerings as of June 2014⁶²
(Prices are national and for stand-alone option; demand is for California and corresponds to the speed and includes bundles)

8 [END TWC CONFIDENTIAL]
9

Product	Download Speed	Price	Number of Subscribers
Product A	100	10	100
Product B	80	15	80
Product C	60	20	60
Product D	40	25	40
Product E	20	30	20
Product F	10	35	10

[END TWC CONFIDENTIAL]

27
ALLEGED CONFIDENTIAL INFORMATION HAS BEEN REDACTED

Confidential Table 6

Comcast Residential Internet Service Offerings as of June 2014⁶³
(Prices are for California and for stand-alone option; demand is for California and corresponds to the speed and includes bundles)

[BEGIN COMCAST CONFIDENTIAL]

Product	Download Speed	Price	Number of Subscribers
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[END COMCAST CONFIDENTIAL]

Q: Do either of the companies offer Lifeline service in California?

A: No.⁶⁴ Comcast does not offer Lifeline service in California. TWCIS (CA) was granted Eligible Telecommunications Carrier status for the purpose of providing Lifeline services in April 2014 with the understanding that TWC Digital Phone, LLC would transfer its customers to TWCIS (CA) before such time as TWCIS (CA) began offering Lifeline. Neither the transfer of Time Warner Cable customers nor the offering of

⁶³ Internet Essentials is available only to qualified low-income families. Prices are for stand-alone service offerings, and therefore, do not reflect the prices that all subscribers pay. Source: Comcast confidential response to ORA Q-1:9, Confidential Exhibit, ORA/Comcast Supplemental Response R-1:9, Comcast_ORA_0001093. The source document includes historical price and subscriber information. I include a reproduction of this document as Confidential Exhibit SMB-18 to my testimony. The document includes descriptions of each service.

⁶⁴ Comcast response to ORA 1-56 (reproduced as Exhibit SMB-19); Time Warner Cable response to ORA -1-56 (reproduced as Exhibit SMB-20).

1 Lifeline had begun as of the date of the Application.⁶⁵

2 **Q: Do either of the Joint Applicants offer broadband Internet access at lower prices for**
3 **some low-income households?**⁶⁶

4 A: Yes. Comcast offers broadband Internet access at reduced prices for households with
5 children eligible for free or reduced priced school lunches. Time Warner Cable has been
6 conducting a pilot program that offers reduced broadband Internet access to a limited
7 number of low-income families. I discuss these programs in more detail below.

⁶⁵ A.14-04-013 Joint Application, at 4.

⁶⁶ Unless and until the PUC examines detailed data regarding the Joint Applicants' costs and revenues, it would not be appropriate to refer to these as "subsidized" rates – it is entirely possible that the lower rates are still sufficiently high to cover the Joint Applicants' costs associated with serving the various customers, especially if the customers' other services (for example, voice or video) are included.

1 **IV. COMPETITION**
2

3 **The proposed merger would harm competition, and, therefore is adverse to the public**
4 **interest.**

5
6 **Q: In your view, should the Commission consider the impact of the proposed**
7 **transaction on competition in relevant markets in California?**

8 **A: Yes. As I demonstrate in this section and throughout my testimony, competition relates**
9 **to the overall public interest of the transaction as well as to the following Section 854(c)**
10 **criteria.⁶⁷**

- 11
12 (2) Maintain or improve the quality of service to public utility ratepayers
13 in the state.
14 (6) Be beneficial on an overall basis to state and local economies, and to
15 the communities in the area served by the resulting public utility.
16 (7) Preserve the jurisdiction of the commission and the capacity of the
17 commission to effectively regulate and audit public utility operations in
18 the state.
19 (8) Provide mitigation measures to prevent significant adverse
20 consequences which may result.
21

22 **Q: What is the “starting point” relative to competition in California, i.e., what are the**
23 **Joint Applicants’ pre-merger positions in relevant markets?**

24 **A: As I demonstrate below, the residential voice and residential broadband Internet access**
25 **markets are not now competitive and the Joint Applicants are major suppliers in these**

⁶⁷ Also, Subsection 854(b)(3) provides that the transaction “[n]ot adversely affect competition,” and that “[i]n making this finding, the commission shall request an advisor opinion from the Attorney General regarding whether competition will be adversely affected and what mitigation measures could be adopted to avoid this result.”

1 markets.⁶⁸ The highly concentrated voice market and the highly concentrated broadband
2 Internet access market suggest that there is insufficient competition to yield just and
3 reasonable rates, terms, and conditions for these two essential products: market
4 concentration is a strong indicator of market power.⁶⁹ Moreover the absence of effective
5 competition means that, post-merger, there would be no incentive for Comcast to share
6 its merger-related synergies with its customers.

7 **Q: But the Applicants do not now compete in the same geographic markets and so how**
8 **could there be any anticompetitive consequence to the transaction?**

9 **A:** Because Comcast and Time Warner Cable do not serve overlapping geographic markets,
10 the proposed transaction would not eliminate the quantity of existing suppliers available
11 for any individual consumer in California, but the proposed transaction nonetheless

⁶⁸ Although the focus of my testimony is on the potential impact of the proposed transaction on residential customers, many of my concerns apply equally to small business customers. I have not analyzed the impact of the proposed transaction on mid-sized and large businesses, but these are important areas of concern. Moreover, although the impact of the proposed transaction on video programming is beyond the scope of my testimony, I urge the Commission to consider this critical area of concern, which has far-reaching implications for democracy as well as for the diversity, quality, and affordability of video programming offered to consumers. By controlling the “pipe” over which video “rides” as well as the content itself (as well as other content providers’ access to those pipes), Comcast’s integrated offerings create compelling incentives for Comcast to discriminate against its competitors. The merger, by increasing Comcast’s resources, would enhance its incentives and ability to discriminate.

⁶⁹ Incumbent local exchange carriers (“ILECs”) uniquely offer reliable stand-alone voice service (assuming their networks are maintained adequately) and clearly dominate this market because consumers lack reasonable economic substitutes for ILECs’ stand-alone voice service. Moreover, even if one were to consider the voice market more broadly so as to encompass VoIP-based services (which lack the reliability of “traditional” ILEC-provided voice service and, the price for which, when offered on a stand-alone basis, substantially exceeds the price of the ILECs’ stand-alone product) and to encompass voice offered as part of a package or bundle (the price of which typically far exceeds that of the ILEC’s stand-alone voice service), the market is still highly concentrated, and is controlled, within each local market, by a duopoly consisting of the ILEC and the incumbent cable company. This duopoly strongly indicates that there is inadequate competition.

1 would have anticompetitive consequences because it would: (1) eliminate a valuable
2 industry “benchmark”; (2) eliminate potential competition; and (3) increase Comcast’s
3 overall scale and scope.

4 **The proposed merger would eliminate a valuable industry benchmark, thus harming the**
5 **public interest.**
6

7 **Q: Please explain your reference to an industry benchmark.**

8 **A:** The elimination of Time Warner Cable as an industry “benchmark” would jeopardize
9 “the jurisdiction of the commission and the capacity of the commission to effectively
10 regulate and audit public utility operations in the state”⁷⁰ as it fulfills its important
11 Section 706 mandate to promote broadband service.⁷¹ Presently, the PUC can compare
12 the reliability, customer service, prices, and service offerings of Comcast and Time
13 Warner Cable, not in order to assist an individual consumer in choosing between the two
14 suppliers,⁷² but rather as a way to gauge the companies’ relative performances and
15 contributions to the state’s (1) fulfillment of its responsibility to prepare for and respond
16 to emergencies⁷³ and (2) pursuit of advanced telecommunications. With two companies,

⁷⁰ Public Utility Code Section 854(c)(7).

⁷¹ The FCC discusses the value of benchmarking in its various orders approving the merger of telecommunications carriers. See, e.g., In re the Application of NYNEX Corporation, Transferor, and Bell Atlantic Corporation, Transferee, For Consent to Transfer Control of NYNEX Corporation and Its Subsidiaries, Memorandum Opinion and Order (1997), at paras. 147-149.

⁷² Knowledge about the two suppliers’ offerings could assist the purchasing decision of the consumer who is in the unusual situation of being able to decide where in California to live based on the relative quality and prices of the incumbent cable companies’ offerings.

⁷³ In the Matter of Ensuring Customer Premises Equipment Backup Power for Continuity of Communications; Technology Transitions; Policies and Rules Governing Retirement Of Copper Loops by Incumbent Local Exchange Carriers; Special Access for Price Cap Local Exchange Carriers; AT&T

1 one can consider “best practices” – by eliminating a supplier, especially one like Time
2 Warner Cable, which possesses substantial resources and experience, one eliminates the
3 possibility for innovation as well as the state’s ability to assess alternative ways of
4 providing service and of protecting public safety.

5
6 Consumers’ ability to compare suppliers’ relative performance and prices enables
7 consumers to set expectations regarding their specific suppliers. Knowledge of a
8 different supplier’s superior version of a product (even if it is offered outside the
9 consumer’s geographic market) may assist consumers in advocating on their own behalf
10 with their suppliers if they are dissatisfied.⁷⁴ The merger of two huge companies
11 facilitates Comcast’s already substantial ability to set the bar for consumers’
12 expectations.

Corporation Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services, PS Docket No. 14-174; GN Docket No. 13-5; RM-11358; WC Docket No. 05-25; RM-10593, *Notice of Proposed Rulemaking and Declaratory Rulemaking*, rel. November 25, 2014. See, also, FCC’s New Release dated November 21, 2014, “FCC Takes Action to Preserve Reliable 911 Service as Technology Evolves,” stating among, other things (at 1):

Technology transitions, including the move to IP-based networks, can vastly improve 911 calling and help first responders during emergencies. However these transitions also present potential new vulnerabilities to 911 service. The process of routing and completing a 911 call now often involves multiple companies, sometimes geographically remote from where the call is placed. Outsourcing and consolidation of critical 911 network infrastructure means that a single 911 outage can affect more people in more places than before, and can also complicate restoration efforts.

⁷⁴ See, e.g., *Consumer Reports* article comparing cable/broadband products.
<http://www.consumerreports.org/cro/electronics-computers/computers-internet/telecom-services/bundled-services-ratings/ratings-overview.htm>

1 **The proposed merger would eliminate a potential competitor, thus harming the public**
2 **interest.**
3

4 **Q: Please elaborate on your concern about the loss of potential competition in voice and**
5 **broadband Internet access markets.**

6 A: Although the proposed transaction would not eliminate the number of broadband and
7 voice suppliers in any given geographic market (because Comcast and Time Warner
8 Cable do not serve overlapping geographic markets), the proposed transaction would
9 eliminate potential competition. Comcast and Time Warner Cable each possess
10 substantial resources and expertise and so could enter each other's market. If they merge,
11 of course this potential competition could not occur. Also, as I discuss above, by
12 acquiring Time Warner Cable, Comcast eliminates a separate barometer of broadband
13 Internet access – if the two companies merge, one will never know if Time Warner would
14 have introduced innovations in speed, quality, or price. The merger, therefore, would
15 eliminate an informative benchmark for regulators and consumers.

16 **The proposed merger would further entrench Comcast's dominance in the broadband**
17 **Internet access market and would increase its share of the total voice market in California.**
18

19 **Q: How would the proposed merger affect Comcast's market power?**

20 A: By giving Comcast yet greater economies of scale and scope, the proposed transaction
21 likely would further entrench Comcast's market power,⁷⁵ reduce its accountability to

⁷⁵ I do not have data on consumer demand for other suppliers' broadband Internet access in California. Such data would be needed to conduct a market concentration analysis using the Herfindahl–Hirschman Index, or "HHI," which measures the size of firms relative to the entire industry. The HHI indicates the level of competition among firms – the higher is the HHI, the more concentrated (i.e., less competitive) is

1 consumers and to regulators, and increase the resources it can allocate for lobbying local,
2 state, and federal policy makers to achieve its corporate objectives. The consequence for
3 consumers would be to further diminish their “bargaining” position in the market and in
4 the policy making arena. The proposed merger certainly would diminish the prospects
5 for competition for Californians, and thus would not be in the public interest.

6 **Q: Did you review competitive analyses that were prepared by or on behalf of the Joint**
7 **Applicants?**

8 A: Not yet. For example, FCC’s Data and Information Request No. 86 requested
9 competitive analyses prepared by and on behalf of Comcast. In its supplemental filing to
10 the FCC on October 23, 2014 (provided in redacted form to TURN and other intervenors
11 on November 18, 2014 as the “redacted version of Comcast Corporation’s Further
12 Supplemental Responses to ORA’s Second Set of DRs”),⁷⁶ Comcast provided additional

the market. Clearly, Comcast’s acquisition of Time Warner would increase the HHI, whether it were computed for California or for the nation. I understand that the two companies do not now compete in the same geographic markets (and, therefore, some would dispute the relevance of the HHI to this transaction) but, nonetheless, I believe that examining the change in the HHI in California’s broadband Internet access market would provide a valuable indicator of Comcast’s market power. In Section 5.3 of the Merger Guidelines (which concerns “market concentration”), the Guidelines state, among other things:

The purpose of these thresholds is not to provide a rigid screen to separate competitively benign mergers from anticompetitive ones, although high levels of concentration do raise concerns. Rather, they provide one way to identify some mergers unlikely to raise competitive concerns and some others for which it is particularly important to examine whether other competitive factors confirm, reinforce, or counteract the potentially harmful effects of increased concentration. The higher the post-merger HHI and the increase in the HHI, the greater are the Agencies’ potential competitive concerns and the greater is the likelihood that the Agencies will request additional information to conduct their analysis.

⁷⁶ I have not yet received the highly confidential versions of Comcast’s and Time Warner’s original and

information,⁷⁷ but I have not yet reviewed the highly confidential information.

Q: Did you review the Joint Applicants' response to NAAC Q-1:7, which concerns the impact of the proposed transaction on competition?

A: Yes. The Joint Applicants state:

The Public Interest Statement (PIS) and the economists' declarations attached thereto discuss the positive effects of the proposed merger on competition. Rather than having any negative affect (sic) on competition, competitors should be motivated to respond to the new technology and services that the combined company will bring to the marketplace. Moreover, as explained in the Application and in response to DR-1:3 above, Time Warner Cable and Comcast Corporation do not engage in direct facilities-based competition with one another in California. No customers will have fewer providers of voice, or broadband service to choose from as a result of the transaction. Joint Respondents have, in their Reply to Protests, relied upon the FCC's Local Competition Report (*see* Wireline Competition Bureau, Industry Analysis and Technology Division report on Local Telephone Competition: Status as of December 31, 2012), and have reviewed the CPUC's 2011 Market Share Analysis report. Both reports are accessible to the general public and available to NAAC via the Internet.⁷⁸

These promised benefits of "new technology and services" are vague and unenforceable.

Contrary to the Joint Applicants' assertion that the merger will not have any anti-competitive consequences, the merger would result in the loss of potential competition and the elimination of an important benchmark in relevant markets. Moreover, the Applicants' reference to "new technology and services that the combined company will bring to the marketplace" is vague. I am unaware of technology and services that the

supplemental response to the FCC's Information and Data Request, which was requested by ORA in its second set of data requests.

⁷⁷ See, e.g., Comcast_ORA_0001822, which I include in its redacted form as Exhibit SMB-21.

⁷⁸ Joint Applicants' response to NAAC Q-1:7, which I include as Exhibit SMB-22.

1 Applicants will deliver to residential consumers that they cannot now offer. The
2 Applicants also refer to the FCC's Local Competition Report, which I analyze in detail,
3 below.

4 **Q: Please summarize your concern about the merger's impact on competition in**
5 **relevant markets in California.**

6 A: As public and confidential information demonstrates, and as I discuss below, Comcast
7 supplies substantial portions of local voice markets, broadband Internet access markets,
8 and video markets.⁷⁹ Comcast's proposed acquisition of Time Warner would not only
9 extend the geographic scope of this market dominance, but also would eliminate an
10 important way for consumers, state and federal regulators, and state and federal policy
11 makers to "benchmark" Comcast's rates, terms, and conditions for its various products, to
12 the detriment of consumers and competitors. Below, I discuss the importance of
13 Comcast's voice service to the public interest in California.

14 **Households are relying increasingly on VoIP service to connect to the public switched**
15 **telephone network.**

16
17 **Q: Have you reviewed the FCC's most recently reported data regarding local voice**
18 **competition?**

19 A: Yes. According to the FCC, and as Table 7, below shows, as of December 31, 2013, of

⁷⁹ Video programming is a critically important area of review for the Commission, the FCC, and the Department of Justice. Among other things, Comcast's control of video programming and its ownership of NBCU further entrench its market power and distort its economic incentives, to the detriment of consumers and competition. My testimony focuses primarily on the voice and broadband Internet access markets, but Comcast's dominance in the cable market contributes directly to its ability to control voice and broadband Internet access markets, and its control of broadband Internet access enables it to control cable markets.

1 the approximate 8.6 million total residential wireline retail telephone lines in service in
2 California,⁸⁰ approximately 5.2 million were served by ILECs⁸¹ and 3.4 million were
3 served by non-incumbents.⁸² Non-incumbent carriers (primarily cable companies)
4 provide approximately 40% of residential wireline telephone service in California and the
5 incumbents continue to provide well over half of the residential wireline service in the
6 state.⁸³

⁸⁰ Wireline retail local telephone service encompasses two wireline technologies, as defined by the FCC in its Local Competition Report: “end-user” switched access lines and interconnected VoIP “subscriptions.” Industry Analysis and Technology Division, Wireline Competition Bureau, Federal Communications Commission, *Local Telephone Competition: Status as of December 31, 2013*, rel. October 2014 (“FCC Local Competition Report”), at 1. Most VoIP is provided by cable companies. To a much lesser extent, ILECs offer VoIP (AT&T through its U-verse and Verizon through its FiOS).

⁸¹ AT&T, Verizon, Sure West, and Frontier.

⁸² FCC Local Competition Report, at Table 10.

⁸³ FCC Local Competition Report, at Table 10.

Table 7

Total Residential Switched Access Lines and VoIP Subscriptions in California

(as of December 31, 2013)⁸⁴

	Number of Residential Lines	Percent of Total Lines
ILEC		
Switched access lines	4,136,000	48%
VoIP purchased as stand-alone	3,000	0.03%
VOIP purchased as bundled with Internet	1,075,000	12.5%
<i>ILEC Total</i>	<i>5,211,000</i>	<i>60.5%</i>
Non-ILEC		
Switched access lines	344,000	4%
VoIP purchased as stand-alone	591,000	6.9%
VoIP purchased as bundled with Internet	2,467,000	28.6%
<i>Non-ILEC Total</i>	<i>3,402,000</i>	<i>39.5%</i>
Total lines (ILEC and non-ILEC)	8,613,000	

There are very few “traditional” competitive local exchange carriers (“CLECs”) (i.e. competitors that rely on switched access lines) providing residential service to consumers and 78% of all CLEC lines (including business lines) rely on the incumbent carriers’ facilities (either resold service or unbundled network elements (“UNE”)).⁸⁵ As a result, other than ILECs, cable companies are the major suppliers of wireline service – in the

⁸⁴ FCC Local Competition Report, at Table 10. Figures may not add due to rounding.

⁸⁵ Id., at Table 15.

1 vast majority of instances they offer voice service as part of a bundle (with broadband
2 Internet access or video services).

3 **Q: Does the FCC report provide information about the residential lines that are served**
4 **by non-ILECs in California?**

5 A: Yes. While the FCC report does not disaggregate the “traditional” CLEC-served
6 residential lines among those that are resold, UNE-based, or facilities-based), the FCC
7 report does differentiate between switched access lines and VoIP subscriptions. As Table
8 8 shows, just 10% of the residential CLEC lines were switched access lines: 90% of the
9 CLEC residential lines provided in California were VoIP lines (i.e., provided by the cable
10 companies),⁸⁶ which is consistent with the evolution of the duopoly that now exists
11 consisting, within any given geographic market, of the incumbent local exchange carrier
12 and the incumbent cable company.

⁸⁶ Id., at Table 10.

Table 8
Composition of Residential Non-Incumbent Wireline Service in California
as of December 31, 2013⁸⁷

	<i>Number of lines</i>	<i>% of Total</i>
Switched access lines	344,000	10%
VoIP purchased as stand-alone	591,000	17%
VoIP purchased as bundled with Internet	2,467,000	73%
Non-ILEC Total	3,402,000	

Q: What do you conclude from the data that you summarize in Table 8, above?

A: The vast majority of the non-ILEC interconnected VoIP subscriptions are provided as a part of a bundle with cable modem broadband service.⁸⁸ This characteristic of markets demonstrates that even the minimal competition that the cable-telecommunications duopoly provides is limited to those customers who seek a bundled offering, consisting of a combination of broadband access to the Internet, and voice service (and often with video service).

Figure 1 below demonstrates the dominance of the incumbents' services and cable bundle

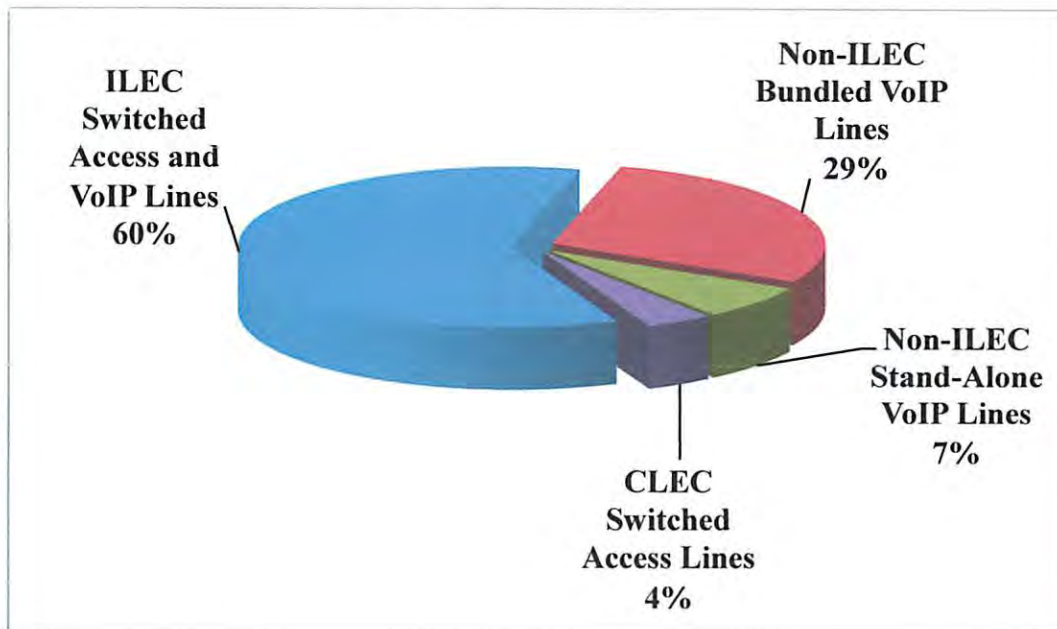
⁸⁷ Source: FCC Local Competition Report, at Table 10.

⁸⁸ I use the term "bundle" to refer to telecommunications services being purchased in combination with broadband Internet access ("double play") or with both broadband Internet access and video ("triple play"). If a customer also purchases wireless service from Verizon Wireless as a result of Comcast's cross-marketing agreement with Verizon, that could be considered a "quadruple play" bundle." I use the term "package" to refer to the offering at a single price of several telecommunications services, but not to any offer that includes either video service or broadband Internet access.

packages in the residential wireline market in California.

Figure 1

**Residential Wireline Market in California
as of December 31, 2013⁸⁹**



I discuss the implications of cable entry in the telephone market in more detail below and explain why a cable-telco duopoly in the provision of bundles does not protect the basic exchange consumer.

Q: What has been the trajectory of demand for VoIP services offered by cable companies over time?

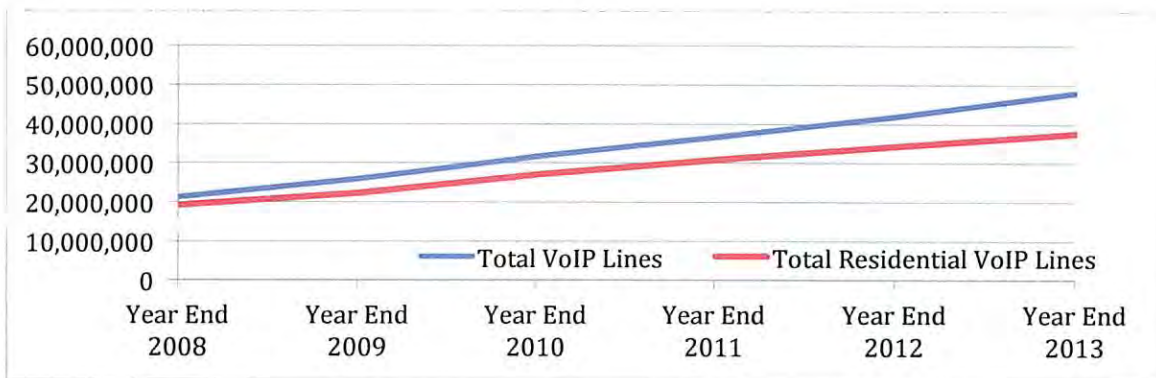
A: Demand for VoIP services has been growing over time, which raises the stakes for Comcast's role as a significant provider of households' links to the public switched

⁸⁹ Source: Local Competition Report, at Table 10.

1 network and to public safety.⁹⁰ Nationally, residential VoIP lines have increased 78%
2 from year-end 2008 through year-end 2013. Figure 2 below also show that total
3 (residential and business) VoIP lines increased 126% to just shy of 48 million at the end
4 of 2013.

5 **Figure 2**

6 **National VoIP Subscription Growth 2008-2013⁹¹**



7
8 Figure 3, below, shows that in California, the quantity of residential VoIP lines in service
9 increased 109% from 1.7 million at year end 2008 to 4.1 million at year end 2013.⁹²
10 During the same time span, the total quantity (residential and business) of VoIP lines
11 increased 168% from 2.1 million lines to 5.7 million lines.⁹³

⁹⁰ Comcast primarily markets to those customers who seek voice service that is offered as part of a “double-play” or “triple play” bundle.

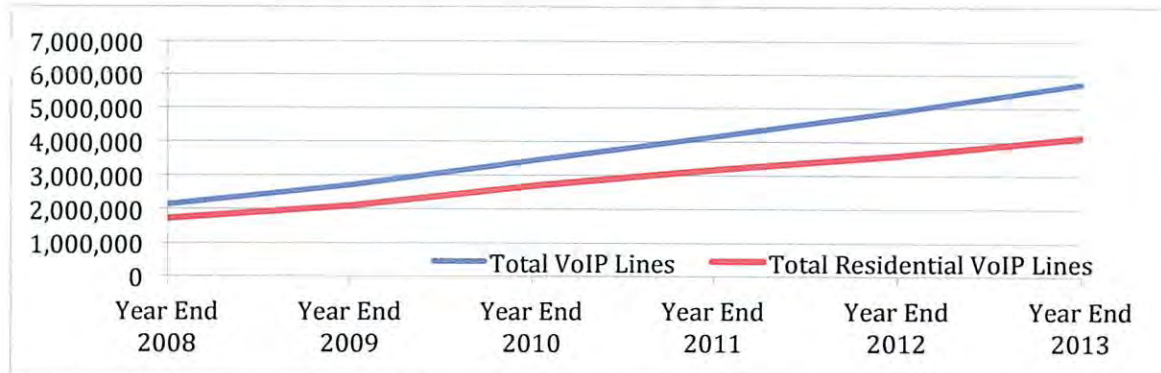
⁹¹ Source: FCC, Wireline Competition Bureau, Industry Analysis and Technology Division, Local Telephone Competition: Status as of December 31, 2013, rel. October 2014; Status as of December 31, 2012, rel. November 2013; Status as of December 31, 2011, rel. January 2013; Status as of December 31, 2010, rel. October 2011; Status as of December 31, 2009, rel. January 2011; Status as of December 21, 2008, rel. June 2010.

⁹² Id.

⁹³ Id.

Figure 3

Growth in VoIP Lines in California, 2008-2013⁹⁴



Q: Are VoIP lines a larger share of total residential lines than in the past?

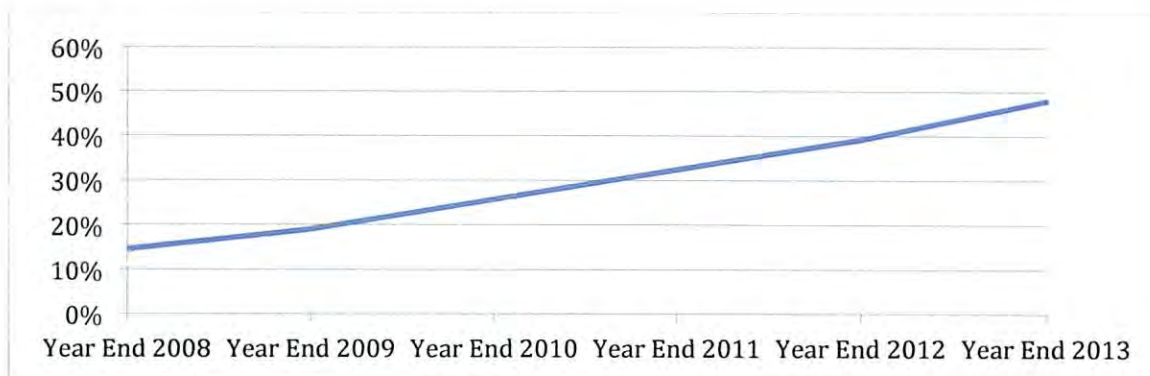
A: Yes. As Figure 4 shows, as of year-end 2008, residential VoIP lines represented approximately 15% of all total switched access and VoIP lines (i.e. “fixed wirelines”). At the end of 2013, VoIP lines made up 48% of those lines.⁹⁵ I understand that the Commission does not regulate the rates and quality of VoIP service,⁹⁶ but in light of the relationship of VoIP to public safety (VoIP service will not function during prolonged power outages), I urge the Commission to consider Comcast’s role in working with local and state officials to ensure that consumers are adequately informed about the limitations of VoIP during prolonged power outages.

⁹⁴ Id.

⁹⁵ Id.

⁹⁶ P.U. Code § 710.

Figure 4
Residential Interconnected VoIP Lines Represent Almost Half
of All Fixed Wireline Subscriptions
National Data⁹⁷



Q: Your focus thus far has been on competition in the wireline voice market. Don't many consumers now rely solely on their wireless phone, and isn't their "cord-cutting" relevant to a complete assessment of Comcast's role in local voice markets?

A: Although approximately two in five households have "cut the cord," this pattern is generation-specific. Based on today's demographics, as age increases, so does reliance on the wireline (of course, as today's youth ages, cord-cutting among "older" households may increase). The most recent data available shows that nationally, in the second half of 2013, 39.1% of adults lived in wireless-only households.⁹⁸ However, older adults are

⁹⁷ FCC, Wireline Competition Bureau, Industry Analysis and Technology Division, Local Telephone Competition: Status as of December 31, 2013, rel. October 2014; Status as of December 31, 2012, rel. November 2013; Status as of December 31, 2011, rel. January 2013; Status as of December 31, 2010, rel. October 2011; Status as of December 31, 2009, rel. January 2011; Status as of December 21, 2008, rel. June 2010.

⁹⁸ Stephen J. Blumberg, Ph.D., and Julian V. Luke, Division of Health Interview Statistics, National Center for Health Statistics, Centers for Disease Control and Prevention, *Wireless Substitution: Early Release of Estimates From the National Health Interview Survey, July - December 2013*, rel. July 8, 2014, at 1. The report is available at: <http://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless201407.pdf>.

1 much less likely to “cut the cord”: 47.8% of adults aged 35-44 years; 31.4% of adults
2 aged 45-64 years; and 13.6% of adults aged 65 years and over lived in households that
3 relied solely on wireless telephones in the last six months of 2013.⁹⁹ These data show
4 that older consumers rarely view wireless service as an economic substitute for wireline
5 service (they may subscribe to wireless service, but they use wireless service *in addition*
6 *to* rather than *instead of* wireline service).¹⁰⁰ A wireline connection continues to be
7 essential, perhaps for its reliability and familiarity. Those customers that continue to
8 subscribe to wireline service do not benefit from the presence of wireless services as an
9 alternative because they are not in those cases actually *alternatives*. Moreover customers
10 place a unique value on having a landline phone,¹⁰¹ and from a consumer’s perspective,
11 Comcast’s voice service, offered using VoIP, may appear the same as the ILEC’s voice
12 service. The proposed merger would increase the scale of Comcast’s wireline voice
13 service in California, and therefore the total quantity of households that would be affected
14 by the prices and quality of its voice service. In those parts of the state where AT&T and
15 Verizon choose not to repair and maintain their copper networks (and where they do not
16 offer FiOS or U-verse), consumers may end up with a “choice” of either “traditional”

⁹⁹ Id., at 2.

¹⁰⁰ The Pew Research Center estimates that approximately 77% of adults 65 and older have cell phones. Pew Research Center, April 2014, “Older Adults and Technology Use.” The Report is based, in part, on data from Pew Research Center’s Internet Project July 18-September 30, 2013 and is available at: <http://www.pewinternet.org/2014/04/03/older-adults-and-technology-use/>.

¹⁰¹ Customers value landline service even if they may also subscribe to wireless service. This preferences is corroborated by survey evidence reported in a recently released paper about consumer attitudes and preferences regarding their landline telephone service. John B. Horrigan, Ph.D., “Consumers and the IP Transition: Communications patterns in the midst of technological change,” November 2014.

1 ILEC service for which the dial tone is not repaired in a timely manner or a cable
2 company's VoIP service. Comcast's post-merger role as a widespread supplier of
3 consumers' connections to the public switched network raises the need for increased
4 accountability by Comcast for the rates, terms, and conditions of its voice offerings.

5 **Consumers are relying increasingly on the Joint Applicants' broadband Internet access**
6 **service.**

7 **Q: Have you reviewed the FCC's most recently reported data regarding high-speed**
8 **and broadband Internet access?**

9 A: Yes. The FCC released its most recent Internet Access Services report in October
10 2014.¹⁰² As of December 31, 2013, the "subscriberhip ratio" (number of residential
11 fixed connections with download speed of at least 3 Mbps compared to number of
12 households) in California was 0.65. This compares to a national subscriberhip ratio of
13 0.60.¹⁰³

14
15 As of December 31, 2013, there were approximately 38.7 million "high-speed"
16 connections (over 200 kbps in at least one direction) in service in California, consisting

¹⁰² Industry Analysis and Technology Division, Wireline Competition Bureau, Federal Communications Commission, *Internet Access Services: Status as of December 31, 2013*, October 2014 ("FCC Internet Access Services Report"). Available at: https://apps.fcc.gov/edocs_public/attachmatch/DOC-327829A1.pdf.

¹⁰³ FCC Internet Access Services Report, at Table 13. Colorado, Connecticut, Delaware, District of Columbia, Hawaii, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, Utah, Vermont, Virginia and Washington have higher subscriber ratios. For all connections over 200 kbps in at least one direction (not necessarily considered "broadband"), that is, including the higher speeds as well, California had a subscriberhip rate of 78%. *Id.*, at Table 14.

1 of approximately 4.2 million xDSL lines, 5.7 million cable modem connections, almost
2 one million fiber connections and 27.7 million mobile wireless connections.¹⁰⁴

3 **Q: Why do you put quotation marks around “high speed” in your previous response?**

4 A: Few people today would consider 200 kbps to be “high speed.” There were
5 approximately 28 million *broadband* connections, i.e., connections of at least 3 Mbps
6 downstream,¹⁰⁵ in service as of December 31, 2013.¹⁰⁶ Of course, societal expectations
7 of broadband capabilities continues to increase.

8
9 Table 9 excludes mobile wireless and includes fixed broadband connections over 3 Mbps
10 downstream. Table 9 shows that 61% of fixed broadband connections in California are
11 cable modem, 28% are xDSL, 9% are fiber, 1.5% are “other wireline” and satellite, and

¹⁰⁴ FCC Internet Access Services Report, at Table 16.

¹⁰⁵ When it completed the National Broadband Plan in 2010, the FCC established a “national broadband availability target” of 4 Mbps download and 1 Mbps upload speed. Federal Communications Commission, Connecting America: The National Broadband Plan, report submitted to the U.S. Congress, March 17, 2010 (“National Broadband Plan”), at 135. The American Recovery and Reinvestment Act of 2009 (“ARRA”) was signed into law on February 17, 2009. American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 (2009) (“ARRA”). As part of the Broadband Technology Opportunities Program established by the ARRA, the FCC was required to develop a National Broadband Plan by February 17, 2010. The FCC requested an extension of that deadline in January, 2010. See, Letter to Honorable John D. Rockefeller, Chairman, Committee on Commerce, Science and Transportation, United States Senate from Julius Genachowski, Chairman, Federal Communications Commission, January 7, 2010. However, the FCC previously collected data in speed tiers that included a delineation of 3 Mbps. As such, the FCC continues to use the 3 Mbps download speed as a proxy for “broadband.” See, e.g., In the Matter of Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996, as Amended by the Broadband Data Improvement Act, GN Docket No. 14-126, *Tenth Broadband Progress Notice of Inquiry*, released August 5, 2014.

¹⁰⁶ FCC Internet Access Services Report, at Table 17.

0.3% are fixed wireless.¹⁰⁷

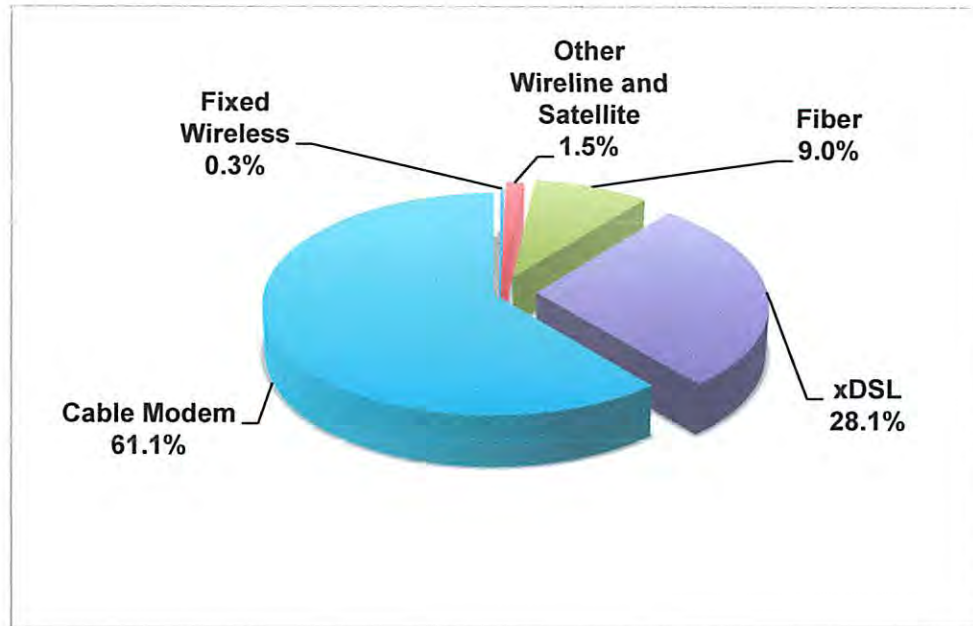
Table 9
Fixed Broadband Internet Access Connections (at least 3 Mbps downstream)
California, By Technology¹⁰⁸

	Fixed High-Speed Connections at Least 3 Mbps Downstream	Percentage of Total Connections
Fixed Wireless	29,000	0.3%
Other Wireline and Satellite	131,000	1.5%
Fiber	811,000	9.0%
xDSL	2,524,000	28.1%
Cable Modem	5,486,000	61.1%
Total	8,981,000	100.0%

¹⁰⁷ FCC Internet Access Services Report, at Table 17.

¹⁰⁸ Source: FCC Internet Access Services Report, at Table 17.

Figure 5
California Consumers Rely on Cable Modem Service More Than Any Other
Fixed Broadband Service to Access the Internet
(3 Mbps Download and above)¹⁰⁹



Q: Does the FCC's report contain information about the speeds of the Internet access service to which consumers subscribe?

A: Yes. The report provides the percentage of total residential and business connections by download speed on a state-specific basis (the information is not available separately for residential connections). In California, as of December 31, 2013, approximately 38% of connections were at least 10 Mbps downstream; 49% were at least 6 Mbps downstream;

¹⁰⁹ Source: FCC Internet Access Services Report, at Table 17. Percentages may not add to 100% due to rounding.

1 and 77% were at least 3 Mbps downstream (meaning that roughly 23% of broadband
2 subscribers have speeds that are less than the National Broadband Availability Target).¹¹⁰

3 **Q: Table 9 and Figure 5, above, then correspond with the approximate three-quarters**
4 **of subscribers that purchase broadband Internet access with download speeds of at**
5 **least 3 Mbps. Is that right, and have you examined cable companies' market shares**
6 **using a higher-speed threshold?**

7 A: Yes. My market analysis corresponds with those wireline broadband connections with
8 downstream speeds that meet or exceed 3 Mbps. It is highly probable that as the
9 threshold speed for the market being examined increases, California's cable companies'
10 market share would increase. Although the FCC does not report this data on a state-
11 specific basis, as Figure 6, below, shows, nationally, as the speed of broadband Internet
12 access increases, the share served by ILECs' digital subscriber lines ("DSL") declines
13 and the share served by cable companies increases (fiber's share, which I assume to be
14 provided by ILECs, increases also, but it is significantly smaller than cable companies'
15 share).¹¹¹ I assume the pattern in California parallels that of the national pattern.

16
17 ILECs do not offer their fiber-based services everywhere, and where they do not, the
18 cable companies are typically the sole supplier of broadband Internet access at the faster
19 speeds that customers are increasingly seeking.

¹¹⁰ FCC Internet Access Services Report, at Table 18.

¹¹¹ Id., at Table 11 and Chart 12.

1 **Q: What is the basis of your statement that ILECs' fiber-based offerings are not**
2 **available to all consumers and that their DSL offerings are at lower speeds than the**
3 **options that cable companies offer?**

4 **A:** It is widely recognized that AT&T does not offer U-verse in all communities. For
5 example, AT&T's web site requires a customer to enter her address into the company's
6 website in order to determine if she can order U-verse. The web site also states:

7 What if U-verse® Isn't Available in my Area?

8
9 AT&T is in the process of expanding the U-verse network. Unfortunately,
10 U-verse isn't available in all AT&T areas. Although U-verse may not be
11 available yet, AT&T still has a large DSL network with phone and high-
12 speed Internet available. AT&T's DSL network has speeds up to 6.0 Mbps
13 and is perfect for surfing, gaming, streaming video, and more. Call us
14 today to see what services AT&T has in your area.¹¹²
15

16 FiOS is not ubiquitously offered.¹¹³ More than four years ago, Verizon announced its
17 plans to stop rolling out FiOS.¹¹⁴ AT&T's fiber roll-out plans are uncertain, and may be
18 affected by the company's concern about pending federal net neutrality policies. One
19 article reported: "AT&T had planned to invest in bringing its GigaPower 1-gigabit
20 broadband service -- a competitor to Google's superfast Google Fiber service -- into 100
21 cities next year. 'We can't go out and invest that kind of network without knowing the

¹¹² <http://www.attsavings.com/availability>, site visited November 25, 2014.

¹¹³ See <http://fios.verizon.com/fios-coverage.html>. The website states: "The Verizon coverage area for the FiOS Network is already established in 20 cities throughout the United States. If you live near one of the following cities, call 1-877-671-0994 to see if your residence is within the Verizon coverage map." Site visited December 3, 2014. Los Angeles, CA is the California city with FiOS availability. Id.

¹¹⁴ "Verizon to End Rollout of FiOS," Roger Cheng, *Wall Street Journal*, March 30, 2010. <http://online.wsj.com/articles/SB10001424052702303410404575151773432729614>

1 rules governing the network,' Stephenson said."¹¹⁵

2 **Q: But didn't AT&T subsequently clarify and re-confirm its commitment to roll out**
3 **broadband service?**

4 A: Yes. AT&T provided highly confidential information to the FCC in a letter submitted on
5 November 25, 2014, with detailed information, disaggregated by DMA (designated
6 market area), regarding the quantities of (1) customer locations with fiber to the premise
7 ("FTTP"); (2) customer locations with fiber to the node ("FTTN"); and (3) FTTN
8 deployment planned.¹¹⁶

9 **Q: What is the relevance of ILECs' broadband Internet access to this proceeding?**

10 A: Comcast is uniquely positioned to meet consumers' demand for increasingly fast
11 broadband Internet access on a far more ubiquitous basis than are the ILECs. As I
12 discuss above, consumers may have only one wireline option to meet their broadband

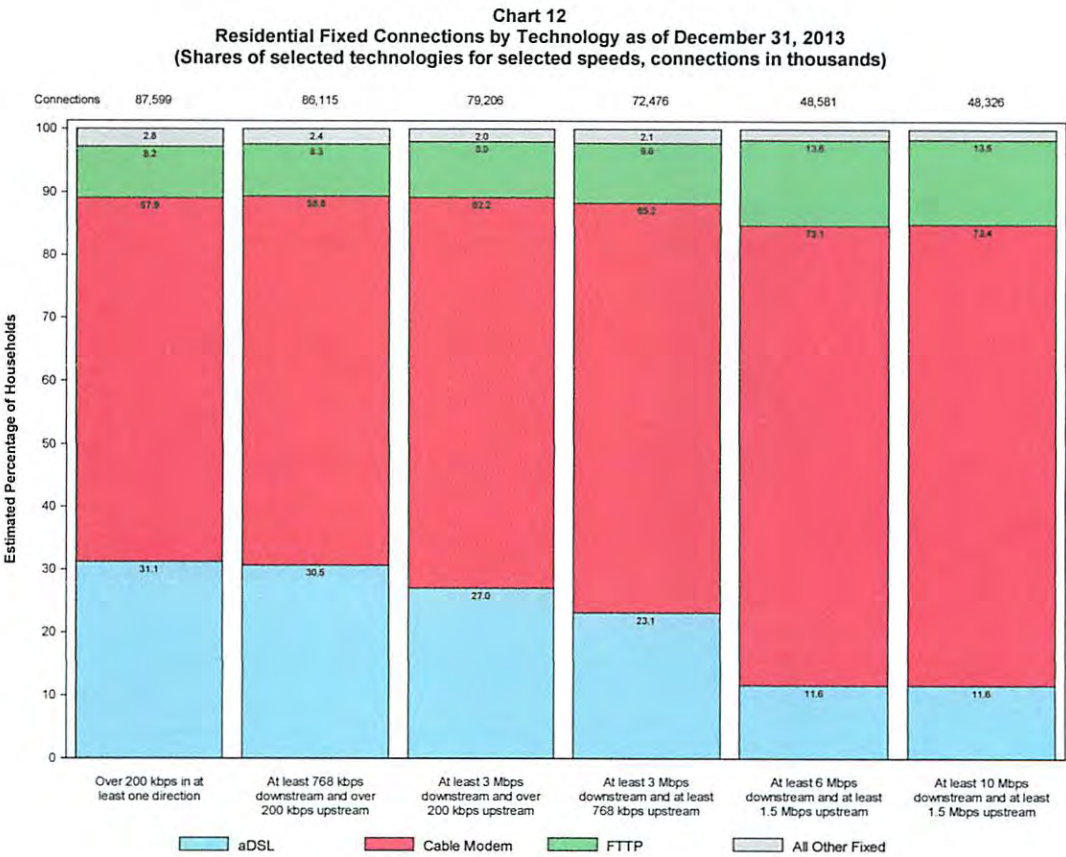
¹¹⁵ "AT&T chief says Net neutrality qualms could crimp fiber plans," C/Net, November 12, 2014.
<http://www.cnet.com/news/at-t-ceo-net-neutrality-uncertainty-puts-a-pause-in-investing/> See also,
"AT&T's Randall Stephenson Says Obama's Plans For Net Neutrality Will Stop Investment," November
14, 2014, Forbes (with video of interview with Mr. Stephenson),
<http://www.forbes.com/sites/ey/2014/11/14/atts-randall-stephenson-says-obamas-plans-for-net-neutrality-will-stop-investment-video/>

¹¹⁶ See Applications of AT&T Inc. and DIRECTV for Consent to Assign or Transfer Control of Licenses and Authorizations, MB Docket No. 14-90, letter from Robert W. Quinn, Jr., Sr. VP-Federal Regulatory and Chief Privacy Officer to Marlene H. Dortch, Esq., Secretary, FCC dated November 25, 2014. I have included this letter, in which AT&T has redacted information it contends is highly confidential, as Exhibit SMB-23. AT&T's letter to the FCC provides public aggregate national data regarding AT&T's deployment plans. The detailed information has been redacted, however, and therefore I cannot determine how many California households are encompassed by AT&T's plans. I recommend that the Commission sign the necessary non-disclosure agreements in order to obtain this information, or, in the alternative, request that AT&T provide the Commission, ORA, and TURN with the redacted data to assist the Commission, in combination with information that it should obtain from the Joint Applicants, in (1) pinpointing broadband deployment gaps; (2) fulfilling its Section 706 authority; and (3) monitoring the level of competition that exists in the broadband Internet access market.

1 needs, and at best have two options. The merger would further concentrate Comcast's
2 control of the nation's and the state's broadband Internet access markets, which is not in
3 the public interest.

4
5 Consumers' increasing appetite for bandwidth-intensive applications (e.g., streaming
6 House of Cards from Netflix, uploading home videos, Skyping among relatives, etc.) will
7 force them to rely on cable companies for broadband Internet access and to a lesser extent
8 to ILEC's far less ubiquitous U-verse and FiOS services.

Figure 6
Residential Fixed Connections by Technology, as of December 31, 2013
Shares of Selected Technologies for Selected Speeds, National Data
(connections in thousands)
(reproduced from the FCC Internet Access Report)



Q: Doesn't Figure 6, above, demonstrate that the ILECs' fiber-based broadband offerings present some competitive pressure for Comcast?

A: Not really. At best there is a duopoly. Furthermore, Figure 6 provides a national view. From an individual consumer's perspective, of course, the relevant geographic market is

1 much smaller. The quantity of suppliers is location-specific. For example, in those areas
2 where ILECs do not offer fiber-based services, and where customers want high-speed
3 wireline broadband Internet access, they have one choice – the cable company (assuming
4 that the cable company serves the customer’s neighborhood). The broadband market is
5 not now competitive. The proposed merger will not enhance broadband competition and
6 there is no evidence that post-merger Comcast would deploy broadband Internet access to
7 unserved and underserved areas. The merger would not lead to any broadband-related
8 benefits for households, and instead would eliminate a potential competitor and a
9 benchmark in the broadband Internet access market.

10 **Q: Is there other support for your view that a duopoly controls the broadband wireline**
11 **market, particularly as the speed of the broadband Internet access increases?**

12 **A:** Yes. On September 4, 2014, FCC Chairman Wheeler gave a speech at the “1776”
13 Headquarters in Washington DC regarding broadband.¹¹⁷ Chairman Wheeler stated that
14 high-speed wired broadband competition is not the reality for most Americans and “[t]he
15 underpinning of broadband policy today is that competition is the most effective tool for
16 driving innovation, investment, and consumer and economic benefits. Unfortunately, the
17 reality we face today is that as bandwidth increases, competitive choice decreases.”
18 Chairman Wheeler provided a chart indicating that just 14.6% of homes have more than
19 two providers of wired broadband at the 3 Mbps upstream/768 kbps downstream speed.

¹¹⁷ Text of the speech is available at: <http://www.fcc.gov/document/chairman-remarks-facts-and-future-broadband-competition>. “1776” is a startup incubator.

1 As speeds increase, that percentage falls. As noted by the Chairman in the same speech,
2 the FCC has proposed updating its current broadband definition of 4 Mbps downstream
3 to 10 Mbps (while also acknowledging that 10 Mbps may still be too low for many
4 households). Mr. Wheeler further stated: “Today, cable companies provide the
5 overwhelming percentage of high-speed broadband connections in America. Industry
6 observers believe cable’s advantage over DSL technologies will continue for the
7 foreseeable future.” Chairman Wheeler used the term “duopoly” to describe the current
8 market and went further by stating:

9 But even two ‘competitors’ overstates the case. Counting the number of
10 choices the consumer has on the day before their Internet service is
11 installed does not measure their competitive alternatives the day after.
12 Once consumers choose a broadband provider, they face high switching
13 costs that include early-termination fees, and equipment rental fees. And,
14 if those disincentives to competition weren’t enough, the media is full of
15 stories of consumers’ struggles to get ISPs to allow them to drop service.

16 Further corroborating consumer advocates’ long-term concern, Mr. Wheeler stated: “it
17 seems clear that mobile broadband is just not a full substitute for fixed broadband,
18 especially given mobile pricing levels and limited data allowances.” Fixed-location
19 technologies are those broadband technologies other than terrestrial mobile wireless (e.g.,
20 cable and DSL services). Broadband provided over mobile wireless is a communications
21 service “between mobile and fixed stations, or just mobile stations.”¹¹⁸

¹¹⁸ FCC Internet Access Services Report, at Glossary. See, also, en.wikipedia.org/wiki/Mobile-broadband: “Mobile broadband is the marketing term for wireless Internet access through a portable modem, mobile phone, USB wireless modem, tablet or other mobile devices.”

1 **Entry into the broadband Internet access market.**

2 **Q: Did the Applicants provide information to the FCC regarding the presence of other**
3 **providers of broadband Internet access?**

4 A: Yes. In response to the FCC's Information and Data Request, Comcast provided public
5 and highly confidential information about, among other things, the presence of other
6 Internet access providers. For example, in its supplemental filing to the FCC on October
7 23, 2014 (provided in redacted form to TURN and other intervenors on November 18,
8 2014 as the "redacted version of Comcast Corporation's Further Supplemental Responses
9 to ORA's Second Set of DRs"),¹¹⁹ Comcast provided a page entitled "Entries to & Exits
10 from Internet Access Service."¹²⁰ The information shows two firms entering and five
11 firms exiting the broadband Internet access market since January 2009.¹²¹ The two firms
12 entering are Google Fiber and Towerstream Corp. ("Towerstream"). Google Fiber has no
13 service areas in California at this time and Towerstream entered the Los Angeles and San
14 Francisco markets according to the document. However, Towerstream only provides
15 broadband services to business customers, according to its website.¹²²
16

¹¹⁹ I have not yet received the highly confidential versions of Comcast's original and supplemental response to the FCC's Information and Data Request, which was requested by ORA in its second set of data requests.

¹²⁰ Bates Comcast_ORA_0001829, which I include as part of Exhibit SMB-24.

¹²¹ The information is for Comcast's national operations.

¹²² See <http://www.towerstream.com/company> (accessed November 24, 2014).

1 In its responses to the FCC's Information and Data Request, Comcast states that Internet
2 access services are provided by a "variety" of providers including cable companies,
3 telephone companies, satellite companies and mobile wireless providers.¹²³ Comcast
4 states that mobile wireless and satellite providers generally offer service nationwide and
5 that the cable and telephone company-provided Internet service "varies depending on
6 geographic reach of the cable and telephone company systems that provide these
7 services."¹²⁴ As part of the evidence it provides to show that consumers have substitutes
8 and that new entry is possible, Comcast relied on the FCC's Form 477 data showing that
9 54% of households nationwide have at least three fixed broadband providers to choose
10 from as of June 2013.¹²⁵

11 **Q: Comcast highlights the deployment of long term evolution ("LTE") networks by**
12 **mobile broadband providers and characterizes mobile broadband as a direct**
13 **competitor to Comcast's services. Do you agree?**

14 A: No. FCC Chairman Wheeler recently discussed the issue, stating: "it seems clear that
15 mobile broadband is just not a full substitute for fixed broadband, especially given mobile
16 pricing levels and limited data allowances."¹²⁶

17 **Q: Does Comcast provide any information to suggest that entry into the Internet access**

¹²³ Bates Comcast ORA 0001794, which I include as part of Exhibit SMB-24.

¹²⁴ Bates Comcast ORA 0001781, which I include as part of Exhibit SMB-24.

¹²⁵ Bates Comcast ORA 0001796, which I include as part of Exhibit SMB-24.

¹²⁶ On September 4, 2014, FCC Chairman Wheeler gave a speech at the "1776" Headquarters in Washington DC regarding broadband. Text of the speech is available at:
<http://www.fcc.gov/document/chairman-remarks-facts-and-future-broadband-competition>.

1 **market would be easy?**¹²⁷

2 A: No. Instead, Comcast states that the time required for entry into the Internet access
3 service market is:

4 . . . variable and cannot be predicted in the abstract. A new Internet
5 service provider would need to build or purchase a physical infrastructure;
6 enter into interconnection relationships with other ISPs, CDNs, and
7 content providers; and meet often substantial regulatory requirements, in
8 addition to marketing the product. The timing of each of these
9 requirements is variable depending on factors such as the scope of entry or
10 the manner of entry (e.g., building new infrastructure versus purchasing
11 existing systems). In particular, the amount of time required to build
12 physical infrastructure may vary widely depending on how much the new
13 entrant intends to spend on construction (since the time required for a
14 project is generally inversely proportional to the cost).¹²⁸
15

16 **Q: One category of providers identified by Comcast as “competing vigorously” includes**
17 **municipal providers. Please discuss municipalities’ broadband deployment as it**
18 **relates to California.**

¹²⁷ Section 9, page 27 of the Horizontal Merger Guidelines states:

The analysis of competitive effects in Sections 6 and 7 focuses on current participants in the relevant market. That analysis may also include some forms of entry. Firms that would rapidly and easily enter the market in response to a SSNIP are market participants and may be assigned market shares.

Also, Section 10, page 28 of the Guidelines states:

A merger is not likely to enhance market power if entry into the market is so easy that the merged firm and its remaining rivals in the market, either unilaterally or collectively, could not profitably raise price or otherwise reduce competition compared to the level that would prevail in the absence of the merger. Entry is that easy if entry would be timely, likely, and sufficient in its magnitude, character, and scope to deter or counteract the competitive effects of concern.

U.S. Department of Justice and Federal Trade Commission, Horizontal Merger Guidelines, Issued August 19, 2010, available at: <http://www.justice.gov/atr/public/guidelines/hmg-2010.pdf>.

¹²⁸ Bates Comcast ORA 0001798, which I include as part of Exhibit SMB-24.

1 A: To describe various municipal projects across the county as “competing vigorously” with
2 private Internet access providers is a stretch. Comcast highlights a plan in Santa Cruz
3 County to provide municipal broadband.¹²⁹ And, unlike in some states, California’s
4 legislature has not completely capitulated to the lobbying efforts of Comcast and other
5 telecommunications companies and prohibited municipalities¹³⁰ from providing Internet
6 access to their residents.¹³¹ The telecommunications companies are lobbying state
7 legislatures and Congress vigorously to prohibit such municipal competition (what little
8 exists).¹³² If Comcast wants to rely on municipal broadband as a vigorous competitor in
9 the market, then it should commit to refrain from using its enormous resources to lobby,
10 post-merger, against such efforts.

11 **Comcast’s cross-marketing agreement with Verizon further entrenches the duopolistic**
12 **characteristic of the voice and the broadband markets.**
13

14 **Q: Are there other aspects of the broadband Internet access market that affect the level**
15 **of competition available for consumers?**

¹²⁹ Bates Comcast ORA 0001798, which I include as part of Exhibit SMB-24.

¹³⁰ Public entities may provide communications services, but Community Service Districts are prohibited from doing so if any private entity is willing to do so. Cal. Gov. Code Section 61100.

¹³¹ An estimated 19 state legislatures have prohibited municipal provision of broadband service. See, for example, <http://www.nytimes.com/2014/11/10/technology/in-rural-america-challenging-a-roadblock-to-high-speed-internet.html?emc=eta1>.

¹³² See, for example, Allan Holmes, “How big telecom smothers city-run broadband,” The Center for Public Integrity, August 28, 2014, available at: <http://www.publicintegrity.org/2014/08/28/15404/how-big-telecom-smothers-city-run-broadband>.; Jon Brodtkin, “Who wants competition? Big cable tries outlawing municipal broadband in Kansas,” *Ars Technica*, January 31, 2014 available at: <http://arstechnica.com/tech-policy/2014/01/who-wants-competition-big-cable-tries-outlawing-municipal-broadband-in-kansas/>.

1 A: Yes. As part of its agreement in 2012 to sell spectrum to Verizon,¹³³ Comcast also
2 entered into a cross-marketing agreement with Verizon, whereby Verizon sells cable
3 company services in areas where Verizon provides DSL (i.e., non-FiOS areas of its
4 serving territory), and Comcast, in turn, sells Verizon's Wireless services. This
5 agreement blunts Verizon's economic incentive to compete in the broadband Internet
6 access market with Comcast, which has the effect of further entrenching Comcast's
7 market dominance. Moreover, the fact that Verizon Wireless is given financial incentives
8 to sell cable company services in areas where Verizon provides DSL (subject to review
9 upon expiration of the Consent Decree in December 2016) facilitates a decision by
10 Verizon to abandon DSL. The FCC and DoJ optimistically hinted that Verizon might
11 reconsider its decision not to expand the FiOS footprint,¹³⁴ but there is little evidence that
12 this optimism is well-founded. Furthermore, the fact that the Consent Decree "limits the
13 duration of the Cable Agent Agreements in the DSL footprint and provides regulators
14 with an opportunity to reassess any effects the Commercial Agreements may have on the
15 broadband marketplace as it continues to evolve"¹³⁵ suggests that the DoJ had concern

¹³³ The transaction was subject to review by the Department of Justice and the FCC. In the Matter of Applications of Cellco Partnership d/b/a Verizon Wireless and SpectrumCo LLC and Cox TMI, LLC For Consent To Assign AWS-1 Licenses; Applications of Verizon Wireless and Leap for Consent To Exchange Lower 700 MHz, AWS-1, and PCS Licenses; Applications of T-Mobile License LLC and Cellco Partnership d/b/a Verizon Wireless for Consent to Assign Licenses, WT Docket No. 12-4, ULS File Nos. 0004942973, 0004942992, 0004952444, 0004949596, and 0004949598, WT Docket 12-175, Memorandum Opinion and Order and Declaratory Ruling, FCC 12-95, released: August 23, 2012.

¹³⁴ Id., at para. 152.

¹³⁵ Id., at paras. 147-157 (explaining that proposed cross-marketing agreements under which Verizon Wireless was provided incentives to sell cable companies' services outside the FiOS footprint raise "concerns regarding the impact of the agreements on Verizon's incentive to compete against the Cable

1 over the potential anticompetitive consequences of the agreement.

2 **Consumers' increasing reliance on higher speed broadband Internet access contributes to**
3 **Comcast's dominance of the market.**

4
5 **Q: Has the FCC established barometers and goals for the download and upload speeds**
6 **for broadband Internet access?**

7 A: Yes, and the national goals have been steadily evolving. When it completed the National
8 Broadband Plan in 2010, the FCC established a "national broadband availability target" of
9 4 Mbps download and 1 Mbps upload speed.¹³⁶ The National Broadband Plan included a
10 recommendation to revisit that target every four years.¹³⁷ More recently, however the FCC
11 has recognized the importance of upload as well as download speeds and has recognized
12 the increasingly data-intensive applications over broadband Internet access and has sought
13 comment on setting higher speed goals for the nation. Specifically, it sought comments in
14 September 2014 on whether it should revise a download speed benchmark of 10 Mbps "to
15 more appropriately reflect the statutory requirements in section 706."¹³⁸ The FCC further

Companies." Id. at para. 147) In its order conditionally approving the agreements, the FCC relies on modifications to the original agreements pursuant to a proposed Consent Decree with the Department of Justice (see para. 5), which reduced but did not entirely eliminate those incentives.

¹³⁶ Federal Communications Commission, Connecting America: The National Broadband Plan, report submitted to the U.S. Congress, March 17, 2010 ("National Broadband Plan"), at 135. The American Recovery and Reinvestment Act of 2009 ("ARRA") was signed into law on February 17, 2009. American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 (2009) ("ARRA"). As part of the Broadband Technology Opportunities Program established by the ARRA, the FCC was required to develop a National Broadband Plan by February 17, 2010. The FCC requested an extension of that deadline in January, 2010. See, Letter to Honorable John D. Rockefeller, Chairman, Committee on Commerce, Science and Transportation, United States Senate from Julius Genachowski, Chairman, Federal Communications Commission, January 7, 2010.

¹³⁷ Id.

¹³⁸ In the Matter of Inquiry Concerning the Deployment of Advanced Telecommunications Capability to

1 sought comments on whether an even higher benchmark may be appropriate and whether it
2 also should raise its benchmark on upload speeds.¹³⁹

3 **Q: Why is the issue of speed important to the Commission's review of the proposed**
4 **transaction?**

5 A: As I demonstrated earlier in Figure 6, cable companies' share of the market increases as
6 broadband Internet access speeds increase. Cable companies are better-positioned to
7 meet this demand throughout their footprints than are ILECs, which offer high speeds
8 selectively, depending on where they have chosen to deploy fiber (to support U-verse
9 (AT&T) and FiOS (Verizon)).

10 **Q: Have you reviewed the speed of the broadband Internet access service that the**
11 **Applicants have deployed in California?**

12 A: Not yet. The Applicants will not be submitting their "Form 477" information (which
13 concerns the speeds of their broadband Internet access by census tract) to the FCC until
14 December 11, 2014,¹⁴⁰ and it is my understanding that the Applicants intend to make this
15 information available promptly thereafter.¹⁴¹ In Confidential Tables 5 and 6, in Section
16 III, above, I summarize consumers' aggregate demand for various broadband speeds, but

All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996, as Amended by the Broadband Data Improvement Act, GN Docket No. 14-126, *Tenth Broadband Progress Notice of Inquiry*, released August 5, 2014, at para. 14. The FCC reasons that its own research indicates that 10 Mbps download speed is adequate for a "moderate use household." *Id.*

¹³⁹ *Id.*, at paras. 15-16.

¹⁴⁰ FCC Public Notice DA 14-1668, "Form 477 Filing Interface Reopened; Filings of Data as of June 30, 2014 due December 11, 2014," WC Docket No. 11-10, released November 20, 2014.

¹⁴¹ See, e.g., Comcast response to ORA 3-64, which I include as Exhibit SMB-25.

1 this does not show geographically disaggregated information nor does it show what
2 speeds are *available*, only what speeds consumers have purchased.

3 **Q: Are providers' Form 477s submitted to the FCC on a public basis?**

4 A: No. If Comcast were to agree to provide this information on a public basis, the
5 information could contribute to a more open process for the state to undertake its
6 broadband planning and deployment efforts.

7 **Q: Please elaborate on the relationship of the Applicants' broadband infrastructure to**
8 **the Commission's review of the proposed merger.**

9 A: In considering the stakes of the proposed transaction for the public interest broadly and
10 for consumers specifically, it is useful to consider the importance of broadband Internet
11 access to the welfare and economy of California. Broadband Internet access is widely
12 recognized to be an essential service, like water and electricity, yet policy making has not
13 kept pace with that attribute. Today, consumers' access to and use of a broadband ramp
14 to the Internet vary by community: indeed, the availability, affordability, speed, and
15 options vary in ways that public policy likely would not tolerate for other utilities.¹⁴²

16
17 Moreover, the broadband Internet access market is not effectively competitive – that is,
18 consumers and competitors cannot rely on market forces to yield reasonable rates, terms,
19 and conditions (e.g., quality, reliability, and speed) for broadband Internet access (the

¹⁴² Moreover, for the reasons I discuss earlier (price, reliability), mobile broadband is not an economic substitute for wireline broadband.

1 impact on competitors indirectly affects consumers). Demand for DSL service, which
2 ILECs offer, has been declining, in absolute and relative terms.¹⁴³ DSL service cannot
3 compete with the speeds of cable-based broadband service. Therefore, where there is no
4 U-verse offered by AT&T or FiOS by Verizon, there really isn't any alternative to
5 Comcast's and Time Warner Cable's services in their respective areas for those consumers
6 seeking to purchase broadband Internet access. I urge the Commission to acknowledge
7 this highly concentrated broadband Internet access market as it considers whether the
8 transaction is in the public interest. If, contrary to my recommendation, the Commission
9 does not deny the proposed transaction, it should seek specific commitments from Comcast
10 to increase the availability of affordable broadband Internet access.

11 **Q: What is the basis of your assertion regarding declining demand for ILECs' DSL**
12 **services?**

13 **A:** I rely on public FCC data. The number of ADSL connections has fallen in California from
14 December 2009 to December 2013 from 4.6 million to 4.2 million¹⁴⁴ while the number of
15 cable modem connections has increased from 4.2 million to 5.7 million over the same time
16 period.¹⁴⁵

¹⁴³ I do not oppose the availability of "Model T" versions of broadband Internet access for those who have limited needs, but DSL availability is certainly not a current substitute for the broadband Internet access offerings of cable companies. See, for example, FCC Internet Access Report, at Table 5. Total nationwide DSL line subscriptions declined from 31.2-million in December 2009 to 30.8-million in December 2013. In comparison, total cable modem connections grew from 42.4 million in December 2009 to 54 million in December 2013. Id.

¹⁴⁴ FCC Internet Access Services Report, at Table 19.

¹⁴⁵ Id., at Table 20.

1
2 **California has not yet achieved universal broadband Internet access, and will not do so**
3 **without active intervention and leadership by the state’s policy makers.**
4

5
6 **Q: Does the proposed transaction affect the PUC’s ability to fulfill its “Section 706”**
7 **obligations?**

8 **A:** Yes. The proposed transaction affects the PUC’s ability to fulfill its obligation to
9 promote advanced telecommunications services. Section 706 of the Telecommunications
10 Act of 1996 states, in pertinent part, that:

11 The Commission and each State commission with regulatory jurisdiction
12 over telecommunications services shall encourage the deployment on a
13 reasonable and timely basis of advanced telecommunications capability to
14 all Americans (including, in particular, elementary and secondary schools
15 and classrooms) by utilizing, in a manner consistent with the public
16 interest, convenience, and necessity, price cap regulation, regulatory
17 forbearance, measures that promote competition in the local
18 telecommunications market, or other regulating methods that remove
19 barriers to infrastructure investment.
20

21 Section 706 further states that “[t]he term ‘advanced telecommunications capability’ is
22 defined, without regard to any transmission media or technology, as high-speed,
23 switched, broadband telecommunications capability that enables users to originate and
24 receive high-quality voice, data, graphics, and video telecommunications using any
25 technology.”
26

27 Consumers’ ability to “originate and receive high-quality voice, data, graphics, and video
28 telecommunications” depends on various factors such as suppliers’ willingness to plow

1 back their earnings and synergies into advanced infrastructure as well as on the
2 affordability of such services (which is affected by suppliers' willingness, in the absence
3 of effective competition, to flow through synergies and savings to consumers) through
4 price reductions.

5
6 There are barriers to consumers' adoption of broadband Internet access, which Comcast
7 could devote more resources to eliminating. Of course I do not believe that customers
8 should be forced to subscribe to broadband Internet access, but I do believe that it should
9 be widely available and affordable, and that, where necessary, training be provided to
10 assist consumers in overcoming uncertainty about how to take advantage of the Internet
11 and about its relevance.

12 **Q: Are your *general* concerns about broadband Internet access also *merger-specific***
13 **concerns?**

14 **A** Yes. Merging the nation's largest and third-largest providers of broadband Internet
15 access would eliminates benchmarking of price and performance, in light of the sheer
16 magnitude of the proposed transaction, poses risks to consumers, communities, and
17 competitors. There is presently minimal accountability by Comcast to consumers, to
18 regulators, and to policymakers. The proposed merger would not increase Comcast's
19 accountability, and its proposed purchase of Time Warner Cable would eliminate an
20 important provider as benchmark for such attributes that are of importance to consumers
21 and more broadly to the public interest: service quality, preparedness and responsiveness

1 to natural and man-made emergencies, price, speed, customer service. These are merger-
2 specific concerns. Moreover, because neither California nor the FCC regulates the rates,
3 terms, and conditions of broadband service, there is no oversight to ensure that the
4 merger will be in the public interest and that Comcast will share merger-related benefits
5 with consumers and communities in California.

6 **Broadband adoption: Internet Essentials is insufficient.**

7
8 **Q: Are you familiar with Comcast's Internet Essentials program?**

9 A: Yes. Beginning in May 2011,¹⁴⁶ and pursuant to a federal regulatory commitment,
10 Comcast has been operating its Internet Essentials program to promote broadband
11 adoption by providing discounted broadband to households with schoolchildren eligible
12 for free or reduced lunch.¹⁴⁷ Though originally part of a three-year commitment
13 (associated with the Comcast/NBCU transaction), Comcast has announced that it will
14 continue the program indefinitely.¹⁴⁸

15 **Q: Please describe Internet Essentials.**

¹⁴⁶ In the Matter of Applications of Comcast Corporation, General Electric Company and NBC Universal, Inc. For Consent to Assign Licenses and Transfer Control of Licensees, FCC MB Docket No. 10-56, Third Annual Compliance Report on Internet Essentials, the Comcast Broadband Opportunity Program, July 31, 2014 ("Internet Essential Compliance Report"), at 3.

¹⁴⁷ Comcast implemented Internet Essentials as part of a regulatory bargain when it sought the FCC's approval of Comcast's acquisition of NBCU. In the Matter of Applications of Comcast Corporation, General Electric Company and NBC Universal, Inc. For Consent to Assign Licenses and Transfer Control of Licensees, FCC MB Docket No. 10-56, *Memorandum Opinion and Order*, rel. January 20, 2011. See, specifically, Appendix A, at XVI.2. The original condition defined eligible households as those with children eligible for free lunch. However, this eligibility criteria was expanded to include children eligible for reduced price lunch in April 2012. Internet Essentials Compliance Report, at 5. In April 2013, the program was expanded to include low-income children who are homeschooled or attend private and/or parochial schools and meet the reduced-price lunch criteria.

¹⁴⁸ Internet Essentials Compliance Report, at 4.

1 A: Internet Essentials offers low-income families with children who are eligible for free and
2 reduced school lunches broadband service for \$9.95 per month, the option to purchase an
3 Internet ready computer for less than \$150; and options to access free digital literacy
4 training in print, online and in person. There are no activation fees and no equipment
5 rental fees.¹⁴⁹

6 **Q: Does Time Warner Cable offer a program with reduced rates for broadband**
7 **Internet access?**

8 A: Yes. As part of the FCC's "Connect-to-Compete" program,¹⁵⁰ Time Warner Cable
9 established Starter Internet,¹⁵¹ a national pilot program designed for low-income families
10 who did not have access to high-speed Internet service in the home. As structured by
11 Time Warner Cable, families in a select number of schools within the Time Warner
12 Cable service area have been eligible to apply for this program, under which for two
13 years there are no price increases, activation or installation fees, and there are no
14 equipment rental fees for the first two years.¹⁵² Starter Internet, typically offered at 1
15 Mbps upstream/1 Mbps downstream is priced at \$9.95 per month. Families with children
16 enrolled in the selected 550 pilot schools throughout the country were eligible to apply
17 for Starter Internet. Additionally, these families could not have subscribed to Time

¹⁴⁹ Comcast response to CD Q-1:61 (reproduced as Exhibit SMB-26).

¹⁵⁰ <http://www.fcc.gov/document/fcc-and-connect-competite-broadband-fact-sheet>

¹⁵¹ http://www.timewarnercable.com/MediaLibrary/1/1/Content%20Management/campaigns/2012/starter_internet/StarterInternet_FAQs.pdf

¹⁵² http://www.timewarnercable.com/MediaLibrary/1/1/Content%20Management/campaigns/2012/starter_internet/StarterInternet_FAQs.pdf

1 Warner Cable Internet within the previous three months, not have any outstanding Time
2 Warner Cable bills or unreturned equipment, and have a working, Internet-ready
3 computer at home.¹⁵³ I am not persuaded of the merits of excluding families who would
4 be otherwise eligible except that they have previously subscribed to Time Warner Cable
5 Internet within the previous three months because it would seem to penalize those
6 families who have adopted broadband relatively earlier than other families.

7 **Q: How many California households participate in Time Warner Cable's program for**
8 **low-income families?**

9 A: The initial enrollment period for TWC Connect2Compete-related service offering in
10 California commenced on October 1, 2012 and concluded on January 31, 2013, and, as of
11 January 31, 2013, [BEGIN TWC CONFIDENTIAL] [END TWC
12 CONFIDENTIAL] customers had subscribed in the Los Angeles area, and [BEGIN
13 TWC CONFIDENTIAL] [END TWC CONFIDENTIAL] customers had
14 subscribed in the San Diego area.¹⁵⁴ According to Time Warner Cable, as of June 30,
15 2014, TWC's Connect2Compete-related service offering has [BEGIN TWC
16 CONFIDENTIAL] [END TWC CONFIDENTIAL] subscribers in the Los Angeles
17 area and 41 subscribers in the San Diego area."¹⁵⁵ Time Warner Cable did not grant any
18 funds to any California community-based organizations in relation to the

¹⁵³http://www.timewarnercable.com/MediaLibrary/1/1/Content%20Management/campaigns/2012/starter_internet/StarterInternet_FAQs.pdf

¹⁵⁴ Time Warner Cable confidential response to CETF Q1-1, reproduced as Confidential Exhibit SMB-27.

¹⁵⁵ Id.

1 Connect2Compete program.¹⁵⁶

2
3 Between October 1, 2012 and January 31, 2013, Time Warner Cable conducted a national
4 Connect2Compete advertising campaign with a budget of [BEGIN TWC
5 CONFIDENTIAL] [REDACTED] [END TWC CONFIDENTIAL] and a pro-rated amount
6 that it attributes to California of [BEGIN TWC CONFIDENTIAL] [REDACTED] [END
7 TWC CONFIDENTIAL]¹⁵⁷

8 **Q: Is the program still going on?**

9 A: Clearly there are still participants, but I am not certain about whether enrollment is
10 continuing. It appears that since enrollment ended on January 31, 2013, and the term of
11 the program for any given participant is two years,¹⁵⁸ by January 31, 2015, the program
12 would end. On the other hand, the fact that the subscription level as of [BEGIN
13 CONFIDENTIAL] [REDACTED]
14 [REDACTED] [END CONFIDENTIAL]

15 **Q: Will Comcast offer Internet Essentials post-merger in the Time Warner Cable**
16 **territory?**

17 A: Comcast states that “[p]ost-transaction, qualified customers in the TWC service area will
18 be eligible for Internet Essentials service.”¹⁵⁹ Based on the limited enrollment by

¹⁵⁶ Time Warner Cable response to CETF Q1-4, reproduced as Exhibit SMB-28.

¹⁵⁷ Time Warner Cable confidential response to CETF Q1-5, reproduced as Confidential Exhibit SMB-29.

¹⁵⁸ Time Warner Cable response to CETF Q1-2, included as Exhibit SMB-30.

¹⁵⁹ Comcast response to CD Q-1:61 (reproduced as Exhibit SMB-26).

1 California families in Time Warner Cable's program, and Time Warner Cable's
2 negligible outreach and advertising efforts for its program, the possible expansion of
3 Internet Essentials to Time Warner Cable's footprint has the potential to yield benefits to
4 some low-income households in California. Of course that potential depends critically on
5 Comcast's willingness to commit significant resources to outreach and training.
6 Furthermore, Comcast's intention to expand its IE program is not enforceable.

7 **Q: Do you believe that the Internet Essentials program adequately addresses**
8 **broadband deployment and adoption concerns?**

9 A: No. The program is inadequate to address the wide disparities in broadband Internet
10 access among Californians. As I demonstrate below, the Internet Essentials participation
11 rate is extremely low and the program's scope is unduly narrow.

12 **Q: What is the participation rate in California?**

13 A: The participation rate for Internet Essentials ("IE") in California is only [BEGIN
14 COMCAST CONFIDENTIAL] [REDACTED] [END COMCAST CONFIDENTIAL]. As of
15 June 2014, there were an estimated [BEGIN COMCAST CONFIDENTIAL] [REDACTED]
16 [END COMCAST CONFIDENTIAL] eligible households in Comcast's California
17 service footprint.¹⁶⁰ As of June 28, 2014, Internet Essentials connections in California
18 totaled [BEGIN COMCAST CONFIDENTIAL] [REDACTED] [END COMCAST
19 CONFIDENTIAL] households – a number that represents more than [BEGIN
20 COMCAST CONFIDENTIAL] [REDACTED] [END COMCAST CONFIDENTIAL]

¹⁶⁰ Comcast confidential response to ORA Q-3:12, reproduced as Confidential Exhibit SMB-31.

1 California children and their families.¹⁶¹ Moreover, there is no evidence that Comcast is
2 seeking to adopt best practices based on its IE programs in other states. Comcast did not
3 provide information requested by TURN about the quantities of eligible and participating
4 households in its top ten footprints,¹⁶² which means that I cannot compare the California
5 program with Comcast's IE program in its other operating territories. More importantly,
6 there is no evidence that Comcast has conducted such a comparison, which, if it were to
7 be conducted, could enable Comcast to assess best practices that may contribute to
8 relatively high participation rates in some states relative to other states.

9 **Q: Does the Internet Essentials program provide flexibility to address specific Internet**
10 **access issues in California?**

11 A: Evidently not. In response to CD Q-1:61, Comcast stated:

12 *Internet Essentials* is a national program that is uniform across Comcast's
13 service areas, and thus Comcast has not considered specific modifications
14 to the program based on California's demographics. However, the
15 program involves significant community outreach and partnering with
16 community organizations, and efforts are made to reach out to potential
17 customers from various demographic groups.¹⁶³
18

19
20 In addition, I am concerned that Comcast suggests there is no need to improve the
21 program as there are no shortfalls.¹⁶⁴

22 **Q: Do you have other concerns about the Internet Essentials program?**

¹⁶¹ Comcast confidential response to ORA Q-3:16, reproduced as Confidential Exhibit SMB-32.

¹⁶² Comcast response to TURN Q-1:8, reproduced as Exhibit SMB-33.

¹⁶³ Comcast response to CD Q-1:61, reproduced as Exhibit SMB-26.

¹⁶⁴ Comcast response to ORA Q-3:8, reproduced as Exhibit SMB-34.

1 A: Yes, my primary concern is that it is unduly narrow in scope. Many households, not just
2 those with school-age children, are on the wrong side of the digital divide. The Pew
3 Internet & American Life Project, which has produced numerous studies on Internet use,
4 shows in recent reports (based on national data) that there remains a significant gap in
5 Internet adoption and use by older adults,¹⁶⁵ and also as that “[t]he demographic factors
6 most correlated with home broadband adoption continue to be educational attainment,
7 age, and household income.”¹⁶⁶

8
9 Comcast has not analyzed barriers to broadband adoption among the general population:

10 In response to discovery asking whether within the last three years, any studies or surveys
11 were prepared by or on behalf of Comcast regarding barriers to wireline broadband
12 adoption that relate to age, income, education, urban vs. rural locations, gender or race,
13 Comcast refers to a report which is focused solely on the current Internet Essentials target
14 population, i.e., low-income families with school-age children (those who are eligible for
15 free or reduced-price school lunches).¹⁶⁷ Regarding the report, Comcast states that it

¹⁶⁵ Pew Research Center, April 2014, “Older Adults and Technology Use.” The Report is based, in part, on data from Pew Research Center’s Internet Project July 18-September 30, 2013 and is available at: <http://www.pewinternet.org/2014/04/03/older-adults-and-technology-use/>. That report estimates that 59% of adults ages 65 and over used the Internet and 47% of that age group had broadband in the home.

¹⁶⁶ Pew Research Center, Home Broadband 2013, August 26, 2013, at 3. Pew reports that among households with income under \$30,000 per year, only 54 percent have a broadband connection in the home, compared with 88 percent of homes where the household income is over \$75,000. *Id.* Pew also reports that: “For seniors earning less than \$30,000 annually, 39% go online and 25% have broadband at home.” Pew Research Center, April 2014, “Older Adults and Technology Use.”

¹⁶⁷ In response to discovery regarding whether “any third party evaluated the IE program nationwide and in California since January 1, 2012, Comcast responded that it had “commissioned a study of Internet

1 “included a demographic overview which revealed that the population of Internet
2 Essentials customers is relatively poorer, more Latino, more female, and more educated
3 that the population at-large without broadband at home.”¹⁶⁸ Although this finding is of
4 interest relative to the Internet Essentials program, it does not shed any light on the
5 barriers to adoption that exist for all Californians.

6 **Q: Have you seen any evidence that Comcast is aware of this unduly narrow focus as a**
7 **problem?**

8 A: No. In response to ORA Q-3:9, in which ORA requested information about Comcast’s
9 “plans to improve or enhance Internet Essentials in California, reflecting planned changes
10 over the three years following the merger, including: a. Expansion of eligibility
11 requirements, b. Equipment improvements, c. Expansion into wireless modem
12 offerings, and d. Speed upgrades,” Comcast states:

13 Although there are currently no plans to further enhance *Internet*
14 *Essentials* as per the four criteria specified in this question, Comcast’s
15 trajectory over the past three years speaks for itself. Comcast voluntarily
16 expanded and improved upon the program’s initial design in multiple
17 ways. With input from thousands of partners, including major service
18 organizations like Big Brothers/Big Sisters, Easter Seals, the NAACP, and
19 NCLR, Comcast increased the speed of the service, expanded eligibility,

Essentials customers from an independent communications and technology policy consultant, Dr. John B. Horrigan, who is head of research for the FCC’s National Broadband Plan and a former research director with Pew Research Center’s Internet and American Life Project.” The study was released in March 2014, and as describe by Comcast, “reflects that the service is widely used by participants to do school work; that home users report it helps “a lot”; and that in addition to schools, participation by institutions such as libraries, banks, government agencies, and employers, plays an important role in increasing broadband adoption and utilization.” Comcast response to TURN Q-1:3 (reproduced as Exhibit SMB-35), citing John B. Horrigan, Ph.D., *The Essentials of Connectivity: Comcast’s Internet Essentials Program and a Playbook for Expanding Broadband Adoption and Use in America* (Mar. 2014) (“Horrigan Report”).

¹⁶⁸ Comcast response to TURN Q:1-12 (reproduced as Exhibit SMB-36), citing Horrigan Report, at 15.

1 created an instant approval process, and made dozens of other
2 enhancements. And, as has been publicly announced, Comcast has
3 extended the program indefinitely – even though the Condition has now
4 been fully satisfied.
5

6 When asked about its goals for its California IE program (such as regarding participation
7 levels, outreach modes, and the speed of broadband), Comcast responded: “The
8 program’s singular goal is to continue closing the digital divide by offering the most
9 comprehensive broadband adoption program in the country.”¹⁶⁹ The response divulges
10 no information about the pace by which Comcast hopes to close the digital divide nor
11 milestones relative to achieving specific participation levels. The digital divide is not a
12 binary divide (those with and without broadband Internet access) but rather includes a
13 spectrum of divides – as faster speeds become the norm, simply “having broadband
14 Internet access” will not close the divide. Therefore Comcast’s lack of vision for the
15 speed it intends to include in IE in future years is of concern.

16 **Q: What then do you recommend to the Commission?**

17 **A:** If the Commission approves the transaction, I urge the Commission to seek a
18 commitment from Comcast to offer IE to all low-income households, regardless of
19 whether they qualify for free or reduced school lunch, as well as to households with
20 members over age 65, and those households with disabled members. Moreover, Comcast
21 should commit to a minimum speed of 4 Mbps (the National Broadband Plan’s initial
22 target) in 2015, increasing to keep pace with the FCC’s target speeds.

¹⁶⁹ Comcast response to TURN Q:1-14, reproduced as Exhibit SMB-37.

1 **Q: Is broadband adoption both a state and national goal?**

2 A: Yes.¹⁷⁰ Moreover, as I discussed above, Section 706 of the Telecommunications Act of
3 1996 sets forth the dual federal-state responsibility to promote advanced
4 telecommunications services. In its investigation of the proposed transaction, the
5 Commission should consider carefully whether Comcast's acquisition of Time Warner
6 would thwart California's achievement of that important goal. The United States is
7 lagging behind other countries, and consumers are harmed as a result.¹⁷¹ As I
8 demonstrate in Section III, post-merger, California would represent a significant portion
9 of Comcast's customer base, and Comcast would be, by far, the nation's largest provider
10 of broadband Internet access service.

11 **Q: What else do you recommend?**

12 A: In addition to expanding the population that IE serves and improving outreach for IE,
13 Comcast should contribute to the state's efforts to fill the broadband deployment voids.¹⁷²

¹⁷⁰ Cal. Pub. Util. Code § 281; §§885-8889; Telecommunications Act of 1996, Pub. L. No. 104-104, § 706(b), 110 Stat. 153 (codified at 47 U.S.C. S 157 note) (1996 Act). See also, Federal Communications Commission, Connecting America: The National Broadband Plan, report submitted to the U.S. Congress, March 17, 2010 ("Plan" or "NBP"), at xi. The American Recovery and Reinvestment Act of 2009 ("ARRA") was signed into law on February 17, 2009. American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 (2009) ("ARRA"). As part of the Broadband Technology Opportunities Program established by the ARRA, the FCC was required to develop a National Broadband Plan by February 17, 2010. The FCC requested an extension of that deadline in January, 2010. See, Letter to Honorable John D. Rockefeller, Chairman, Committee on Commerce, Science and Transportation, United States Senate from Julius Genachowski, Chairman, Federal Communications Commission, January 7, 2010.

¹⁷¹ http://www.nytimes.com/2014/10/31/upshot/why-the-us-has-fallen-behind-in-internet-speed-and-affordability.html?smid=fb-share&_r=0

¹⁷² See
<ftp://ftp.cpuc.ca.gov/telco/BB%20Mapping/Round%209/R9%20Dec%202013%20Availability%20by%2>

1 Among other things, good information is essential so that the state and municipalities can
2 invest efficiently where the private sector has failed to do so. At a minimum, Comcast
3 should provide detailed broadband mapping information to the state's policy makers.

4
5 Furthermore, it is contrary to the public interest to keep this information as confidential.

6 Broadband Internet access is as essential as are highways and road systems. Efficient
7 private and public investment depends on accurate reliable information. The efficient use
8 of public monies depends on accurate reliable information. Comcast and Time Warner
9 Cable have benefited enormously from their cable franchises, which in turn, have enabled
10 them to deploy broadband Internet access. In turn, Comcast should commit to
11 contributing to the common base of knowledge about the state's advanced
12 telecommunications infrastructure.

13
14 **Broadband adoption varies significantly among consumers, and affordability is one of the**
15 **barriers to adoption.**

16
17 **Q: Is there a correlation between age and other demographic factors and the purchase**

0County-Alphabetical.pdf for county by county fixed broadband availability as of December 31, 2013 (revised June 16, 2014). As of December 31, 2013, the CPUC estimates that 97.8% percent of households in California have fixed broadband with speeds of at least 6 Mbps down and 1.5 Mbps up; 1.5% of households have fixed broadband available, but at speeds lower than 6 Mbps down or 1.5 Mbps up; and 0.7% of households have fixed broadband either not present or slower than 768 kbps down or 200 kbps up. However, as noted in the CPUC's California Advanced Services Fund 2013 Annual Report, "... a census block may be categorized as served when a broadband provider serves at least one household within that census block ... it is important to understand that the Map is not capable of providing a 100 percent accurate representation of the broadband availability down to the household level. This is particular an issue for rural areas of the State, where population is less dense and census blocks cover a larger area." California Public Utilities Commission, California Advanced Services Fund, Annual Report, January 2013 – December 2013, Issued April 2-014, at 18.

1 **of broadband Internet access?**

2 A: Yes. A recent survey of adults in California shows a wide disparity in Internet use and
3 broadband adoption rates among demographic subgroups. According to a July 2014
4 Field Poll/CETF report:

5 There are wide variations in access to broadband Internet at home across
6 different segments of the state's population. While greater than nine in ten
7 Californians age 18-29, college graduates and those with annual household
8 incomes of \$100,000 or more have broadband Internet access at home,
9 significantly smaller portions of the following populations report this:

- 10 • Adults who have not graduated from high school (32%)
- 11 • Spanish-speaking Latinos (46%)
- 12 • Seniors age 65 or older (47%)
- 13 • Residents with annual household incomes of less than \$20,000
- 14 (53%)¹⁷³
- 15
- 16

17 Recent reports (based on national data) by the Pew Research Center ("Pew") contain
18 similar results and show a significant gap in Internet adoption and use by older adults,¹⁷⁴
19 and also show that "[t]he demographic factors most correlated with home broadband
20 adoption continue to be educational attainment, age, and household income."¹⁷⁵

¹⁷³ The Field Poll/California Emerging Technology Fund (CETF), "DIGITAL DIVIDE PERSISTS IN CALIFORNIA: Wide Differences in Internet Use and Broadband Connectivity Across Demographic Subgroups of the State's Adult Population, Release #2476, July 8, 2014 ("Field Poll/CETC Report"), at 2. The report also noted lower adoption rates for residents in the following subgroups: disabled adults (59%), non-citizens (60%), and naturalized citizens (63%). Id.

¹⁷⁴ Pew Research Center, April 2014, "Older Adults and Technology Use" ("April 2014 Pew Report"). The Report is based, in part, on data from Pew Research Center's Internet Project July 18-September 30, 2013 and is available at: <http://www.pewinternet.org/2014/04/03/older-adults-and-technology-use/>. That report estimates that 59% of adults ages 65 and over used the Internet and 47% of that age group had broadband in the home.

¹⁷⁵ Pew Research Center, Home Broadband 2013, August 26, 2013 ("August 2013 Pew Report"), at 3. Pew reports that among households with income under \$30,000 per year, only 54 percent have a

1 **Q: Doesn't the higher rate of cord-cutting among low-income households also affect**
2 **their broadband choices?**

3 **A: Yes, but this is far more attributable to economic necessity than to mobile wireless**
4 broadband being a more attractive functional choice than wireline broadband. In this
5 regard, the Field Poll/CETC notes that "[t]he 8% of California adults using a smart phone
6 as their sole means of connection to the Internet include many of the same groups
7 reporting lower than average Internet connectivity at home" (e.g., Spanish-speaking
8 Latinos, non-citizens, adults who have not graduated from high school, and residents
9 whose annual household income is less than \$40,000).¹⁷⁶

10
11 However, what it most important is the study's observation about the implications of this
12 difference: "This is significant because there are big differences between how
13 Californians with access to broadband through a home computer are using the Internet
14 versus those solely at home through a smart phone."¹⁷⁷ The study identifies large
15 differences in the following Internet uses: visiting government/community web sites,
16 online banking/transferring funds to family members, getting health/medical information

broadband connection in the home, compared with 88 percent of homes where the household income is over \$75,000. *Id.* Pew also reports that: "For seniors earning less than \$30,000 annually, 39% go online and 25% have broadband at home." April 2014 Pew Report.

¹⁷⁶ In my view, wireless broadband Internet access is not an economic substitute for wireline broadband Internet access: the price is typically substantially higher, with data caps that cause the user either to suppress usage (reducing the utility of the service) or to pay much more for that usage.

¹⁷⁷ Field Poll/CETC Report at 2.

1 or communicating with their doctor, or taking a class or training course online.¹⁷⁸

2 Finally, the survey finds that “large majorities of parents with access to broadband
3 Internet access through a home computer use their computer to help their child learn
4 (84%) and obtain information about homework and grades from their child’s school
5 website (75%).¹⁷⁹ By implication, demographic subgroups that must rely on the more
6 limited broadband Internet access capabilities of a smart phone are disadvantaged relative
7 to families with the robust connection available of a fixed wireline broadband connection
8 in their homes.

9 **Q: What then do you recommend regarding Internet Essentials in this proceeding?**

10 **A:** If the Commission, contrary to my recommendation, approves the transaction, I urge it to
11 condition such approval on a finding that commitments are necessary to at least partially
12 offset the harms to consumers and to the public. In Section VI, I discuss the
13 commitments that I recommend the Commission seek from Comcast encompassing not
14 only those regarding improvements to Internet Essentials but also other commitments that
15 could enhance the public interest of the proposed transaction.

16
17 Regarding IE, I recommend the following to assist California to close digital divides:

18 Comcast should commit to (1) increase IE participation rate with specific milestones for

¹⁷⁸ Id.

¹⁷⁹ Id. Along these same lines, another source interviewed high school students who reported while “a smartphone might allow them to apply for a job or download music, but many students have found it impossible to perform the same quality of work on a smartphone that they might be able to on a personal computer.” <http://mashable.com/2013/08/18/digital-divide/>

1 its existing footprint and for its new footprint for the years ending 2015, 2016, and 2017;
2 (2) expand the program to include older citizens (i.e., those aged 65 and over); all
3 Lifeline-eligible customers; and disabled customers; (3) offer a stand-alone broadband
4 Internet access rate of \$15.00 for service with at least 4 Mbps upstream for all consumers
5 for at least five years post-merger (with the upstream and downstream speeds to be
6 adjusted to keep pace with the FCC's benchmark);¹⁸⁰ and (4) expand advertising for
7 Internet Essentials and for the \$15.00 stand-alone option through television, radio, and
8 subway ads in community-appropriate languages.
9

¹⁸⁰ Broadband adoption closely tracks income and so focusing solely on the lowest-income households is an inadequate societal response to the digital divide. For example, the adoption rate by those with incomes of over \$30,000 and less than \$50,000 is 70% which is significantly less than the 88% adoption by households with incomes above \$75,000. August 2013 Pew Report. Adoption rates among households with members 65 and above are even lower. The adoption rate by senior households with incomes between \$30,000 and \$50,000 is only 51%, which compares starkly with the 82% adoption rate by senior households with incomes above \$75,000. April 2014 Pew Report.

V. CONSUMER PROTECTION

The proposed transaction would strengthen Comcast's gatekeeper role, which would jeopardize innovation and free speech.

Q: Earlier, you raised concerns about the post-merger scale of Comcast. Do its size and resources raise other concerns for consumers and regulators?

A: Yes. As an extremely large company, which, post-merger, nationally would serve 33.1 million video subscribers, 32.3 million broadband Internet access lines,¹⁸¹ and 16.0 million voice lines,¹⁸² generating approximately \$87 billion in revenues (with \$9.2 billion in net income) from its various services,¹⁸³ Comcast would possess the ability and the incentive to discriminate against competitors and content providers. Comcast would also have deep pockets for presenting its policy view to federal, state, and local policy makers as well as for pursuing litigation to achieve its corporate interests, including challenging the FCC's and the Commission's authority and oversight over its various services. By contrast, consumers and regulators would possess negligible bargaining resources. This skewed outcome would not be in the public interest.

Consumer advocates have raised concerns about the future of the Internet and net neutrality. By contrast, Comcast has opposed efforts by the FCC to strengthen its net

¹⁸¹ See Table 1 in Section III of my testimony. The combined company would have \$45 million in equity <http://corporate.comcast.com/comcast-voices/comcast-and-time-warner-announce-merger-detail-public-interest-benefits-and-undertakings>

¹⁸² See Table 1.

¹⁸³ See Section III, above.

1 neutrality rules by imposing Title II classification to broadband Internet access.¹⁸⁴ As a
2 result of its proposed acquisition of Time Warner Cable, Comcast would possess yet
3 greater resources to discriminate and to extract monopoly profits from its provision of
4 access to the Internet by consumers and by content providers.

5 **Q: But hasn't Comcast agreed to abide the net neutrality provision associated with the**
6 **conditions related to the FCC's approval of Comcast's acquisition of NBCU, which**
7 **would result in Time Warner Cable's approximate ten million broadband Internet**
8 **customers gaining new protection from discrimination as a direct result of the**
9 **proposed merger?**

10 A: Yes, but this (and some other Comcast/NBUC conditions) expire in January 2018, i.e., in
11 approximately three years,¹⁸⁵ which means that this is a short-lived token gesture, perhaps
12 intended by Comcast to support its effort to obtain approval of the proposed transaction.
13 Comcast has indicated that it supports the principles of net neutrality, but opposes the
14 use of Title II regulation to achieve those goals. Given that general support for net
15 neutrality,¹⁸⁶ Comcast should not oppose memorializing that support and extending the

¹⁸⁴ See, e.g., Letter from Kathryn A. Zachem to Marlene H. Dortch, Federal Communications Commission, Re: Notice of Communications, In the Matter of Protecting and Promoting the Open Internet, GN Docket No. 14-28; Framework for Broadband Internet Service, GN Docket No. 10-127, November 10, 2014; <http://corporate.comcast.com/comcast-voices/surprise-we-agree-with-the-presidents-principles-on-net-neutrality-reiterating-our-strong-support-for-the-open-internet>.

¹⁸⁵ In the Matter of Applications of Comcast Corporation, General Electric Company and NBC Universal, Inc. For Consent to Assign Licenses and Transfer Control of Licensees, FCC MB Docket No. 10-56, *Memorandum Opinion and Order*, rel. January 20, 2011, Appendix A, Provision XX (at page 144, regarding the "term" of the conditions).

¹⁸⁶ See, e.g., http://corporate.comcast.com/openinternet?utm_source=google&utm_medium=ppc&utm_campaign=TW

1 time period of the commitment. Moreover, rules are only valuable if there are sufficient
2 resources for their enforcement by state and federal regulators. Therefore, Comcast
3 should agree to fund the Commission's monitoring and enforcement of this and other
4 commitments that Comcast may make in this proceeding.

5 **Q: Recognizing the important time limitation that now exists for Comcast's net**
6 **neutrality support, how does Comcast nonetheless characterize its open Internet**
7 **commitment?**

8 A: On its website,¹⁸⁷ Comcast states in pertinent part:

9 Several of the NBC Universal conditions will automatically extend to the
10 acquired systems upon the approval and consummation of this transaction,
11 and they ensure substantial protections and benefits, including

12 ...

13 The FCC's Open Internet protections will be extended to millions of
14 additional broadband customers, irrespective of whether the FCC re-
15 establishes such protections for other industry participants. Thus, unlike
16 all other broadband subscribers in the country, the new company's
17 broadband customers will enjoy the protections of the no blocking and
18 non-discrimination rules that were put in place by the FCC,
19 notwithstanding the action by the DC Circuit Court of Appeals vacating
20 those rules.
21

22 **Q: In light of the importance of net neutrality and Title II regulation to innovation and**
23 **to democracy, what then do you recommend in this proceeding?**

CMerger_NB_Natl_MBR&utm_term=+net%20+neutrality-73498301-VQ16-c&iq_id=73498301-VQ16-c.

¹⁸⁷ <http://corporate.comcast.com/comcast-voices/comcast-and-time-warner-announce-merger-detail-public-interest-benefits-and-undertakings> , site visited November 25, 2014.

1 A: Non-discrimination rules are essential to prevent Comcast from interfering with the
2 distribution of non-affiliated content through filtering, blocking or degrading distribution.
3 Government agencies require resources to ensure they are enforced adequately.

4
5 I recommend that the Commission seek a commitment from Comcast to agree to extend
6 its non-discrimination provision through at least seven years after the Commission issues
7 an order in this proceeding, that is, until at least 2022. I also recommend that Comcast
8 commit to cooperate fully with California's efforts to fulfill its Section 706 authority (for
9 example, Comcast should provide state policy makers with detailed, up-to-date
10 broadband mapping information and agree to Commission oversight and mediation of
11 consumer complaints about the billing, termination, and reliability of Comcast's
12 broadband Internet access and voice services).

13 **The quality of Comcast's voice service affects the reliability of consumers' connections to**
14 **public safety.**

15
16 **Q: If customers are dissatisfied with Comcast's voice service, can't they simply "vote**
17 **with their feet" and migrate to ILECs' offerings?**

18 A: Indeed ILECs' voice offerings are ubiquitous. However, as I demonstrate in Section IV
19 above, local voice markets are not competitive. Moreover, the track record of
20 California's largest ILECs regarding service quality shows inadequate service, which
21 means that the incumbent, dominant provider has set a low bar for service quality.
22 Neither AT&T nor Verizon met the minimum Out of Service repair interval standard at

1 any point from the time period spanning 2010 to 2013.¹⁸⁸ When customers' lines are out
2 of service, they are non-functioning, and, so, by failing to repair dial tones in a timely
3 manner, these ILECs are restricting the supply of basic voice service, and are not
4 providing a competitive alternative to Comcast's voice service.¹⁸⁹ Furthermore,
5 consumers confront switching costs and lack sufficient information to make choices.

6 **Q: How do AT&T's and Verizon's failure to meet minimum service quality standards**
7 **relate to this proceeding?**

8 A: In a competitive market, one would expect suppliers to improve service quality so as to
9 attract new customers and to avoid losing existing customers. Instead, by failing to repair
10 in a timely manner the OOS troubles that customers report on their lines, AT&T and
11 Verizon demonstrate that it is not concerned about customer defection and, therefore, it
12 has less motivation to keep rates just and reasonable in response to competitive pressure
13 if such pressure existed. ILECs' fiber deployment in some communities and neglect of
14 the infrastructure in other communities underscores that they are not responding to
15 competitive pressures.
16

¹⁸⁸ R.11-12-001, Order Instituting Rulemaking to Evaluate Telecommunications Corporations Service Quality Performance and Consider Modification to Service Quality Rules, Assigned Commissioner's Amended Scoping Memo and Ruling, September 24, 2014, Attachment A, Staff Report, "California Wireline Telephone Service Quality, Pursuant to General Order 133-C, Calendar Years 2010 through 2013," at 2. Staff stated that "due to their large size in the California market and the significant ramifications of their service quality on public safety and the state economy," they reviewed the OOS performance of AT&T and Verizon. *Id.*, at 3.

¹⁸⁹ By contrast with AT&T's sub-par performance, generally the fourteen General Rate Case carriers met the minimum standards throughout this time period. *Id.*

1 **Merger-related transition and integration issues are in flux, and so the impact of the**
2 **proposed merger on consumers is uncertain.**

3
4 **Q: Have you reviewed Comcast's representations with respect to its plans for migrating**
5 **Time Warner Cable's customers as a result of the transaction?**

6 A: Yes. I have reviewed discovery responses in this proceeding and the public (i.e.,
7 redacted) version of Comcast's response to the FCC's August 21, 2014 Information and
8 Data Request filed September 11, 2014.¹⁹⁰ Essentially, there is no migration plan in
9 place and in Comcast's own words, the "integration process remains quite fluid."¹⁹¹

10 **Q: Does Comcast address specifically whether Time Warner Cable customers will be**
11 **able to maintain their current service plans in California?**

12 A: No. In its public response to CD Q-1:34, Comcast states:

13 Any plans for the acquired customers to retain their current service plans
14 are still being evaluated and considered by Comcast. However, as stated
15 in the Joint Application, because the transaction will be conducted at the
16 holding company level, it will be seamless to TWC customers. After
17 closing this transaction, if Comcast wishes to make additional changes that
18 require regulatory approval, such as changes to "dba names, rates, terms,
19 or conditions of service . . ." Comcast will follow applicable California
20 filing and notice requirements associated with such changes. Application
21 at 21.
22

¹⁹⁰ Letter from Kathryn A Zachem, Senior Vice President, Regulatory and State Legislative Affairs, Comcast Corporation to Marlene H. Dortch, Secretary, Federal Communications Commission, RE: Applications of Comcast Corporation, Time Warner Cable Inc., Charter Communications, Inc., and SpinCo for Consent to Assign Licenses or Transfer Control of Licenses, MB Docket No. 14-57, September 11, 2014 (Comcast 9/11/2014 redacted response to FCC Information and Data Request) Available at: <http://apps.fcc.gov/ecfs/document/view?id=7522145519>. I include excerpts from the redacted response, related to migration plans, as Exhibit SMB-38 (specifically, the cover page, and pages 240 through 242).

¹⁹¹ Comcast 9/11/2014 redacted response to FCC Information and Data Request, at response to 88(a), p. 240 (included as Exhibit SMB-38).

1 In other words, Comcast seems to imply to the FCC that review of the transaction need
2 not include customer migration issues and that such issues are an entirely separate matter.
3 Yet, Comcast has also indicated to the FCC that it is coordinating with state public utility
4 commissions and local franchising authorities about the provision of notice to Time
5 Warner Cable customers.¹⁹²

6 **Q: What do you recommend to minimize the potential adverse impact on consumers**
7 **resulting from the proposed merger?**

8 A: I recommend that the Commission require that Comcast submit, and the Commission
9 review carefully, any plans for consumer notice. I also recommend that the Commission
10 ensure that the migration process is transparent and relatively seamless for consumers and
11 that notice be provided in languages that are appropriate for the intended communities.
12 Consumers will undergo a fair amount of hassle if they have to switch out equipment and
13 e-mail addresses, for example. Relying on vague claims by Comcast that notice will be
14 “extensive” and through bill and e-mail notifications,¹⁹³ is not sufficient to protect the
15 public interest.

16 **Q: Has Comcast made any guarantees about rates, pricing plans and bundles that**
17 **consumers can expect as a result of the proposed transaction?**

18 A: No. In response to CD Q-1:32, Comcast indicates that all of its plans are “in a very
19 preliminary state” and, therefore, it has not made any decisions about rates and plans in

¹⁹² Id., at response to 88(a), p. 241 (included as part of Exhibit SMB-38).

¹⁹³ Comcast public response to CD Q-1:33. I include the response as Exhibit SMB-39.

1 California.

2 **Q: But, certainly no consumers will lose categories of service, correct?**

3 A: Not necessarily. Comcast doesn't seem to even be guaranteeing that consumers will have
4 voice and broadband options throughout its California footprint. In response to CD Q-
5 1:75, Comcast states: "At this time, however, *there are no current plans* under which
6 subscribers in any Census Block would lose broadband and voice services as a result of
7 the transaction."¹⁹⁴

8 **Q: Do Comcast's responses to the FCC shed any more light on migration plans?**

9 A: No. Indeed, Comcast's responses show just how little Comcast knows about Time
10 Warner Cable's systems. Comcast states that it "does not have full access to information
11 regarding the composition or status of the systems it is acquiring . . . Comcast is
12 continuing to learn about the systems, assets, and customers it will acquire."¹⁹⁵ Comcast
13 acknowledges that its migration plans are:

14 . . . subject to a host of complex and inter-related technological, business,
15 and legal issues. To name just one example, Comcast cannot transition
16 TWC customers to all of Comcast's services until the market in question
17 has been migrated to all-digital, so those customers can access and utilize
18 all of Comcast's offerings; various other activities and processes, such as
19 back-office support systems and operating support systems, among others,
20 must be integrated as well.¹⁹⁶

¹⁹⁴ Emphasis added.

¹⁹⁵ Comcast 9/11/2014 redacted response to FCC Information and Data Request, at response to 88(a), p. 240 (included as part of Exhibit SMB-38).

¹⁹⁶ Comcast 9/11/2014 redacted response to FCC Information and Data Request, at response to 88(a), p. 241 (included as part of Exhibit SMB-38). Comcast provides the FCC with a projection of how long it will be before Time Warner customers have access to Comcast products, but that information is redacted. Comcast provided additional alleged confidential materials regarding customer migration as part of its response to FCC Information and Data Request, at response to 88. I was unable to review that material.

1
2 **Q: What do you conclude regarding customer migration?**

3 A: The customer migration plans are preliminary and there are no guarantees that the
4 process will be smooth or transparent. If the Commission approves the proposed
5 transaction, it should ensure that there is adequate notice and that consumers do not lose
6 access to critical services or confront rate increases. Also, although I understand that the
7 Commission does not have oversight of VoIP, the Applicants could enhance the public
8 interest of their proposed merger by agreeing to meet specific minimum thresholds of
9 service quality for Comcast's voice service. Similarly, the Applicants could commit to
10 meet certain minimum thresholds of service quality for their broadband Internet access
11 services.

12
13 **Consumers' increasing reliance on Comcast's VoIP service for a link to the public switched**
14 **network underscores the importance of consumer education regarding the safety**
15 **limitations of the service.**

16 **Q: In Section IV, you discuss the trend of increasing reliance by households on VoIP to**
17 **connect to the public switched network. How could Comcast improve the public**
18 **benefits of the proposed transaction in this regard?**

19 A: Comcast could commit to contribute to consumers' education regarding the limitations of
20 VoIP as it relates to VoIP reliability.

21 **Q: Why is education regarding the impact of power outages on VoIP important?**

22 A: As I discussed earlier, three out of ten households rely on VoIP for their voice link, and
23 the trend is one of increasing VoIP demand. However, VoIP service (whether "over the

1 top” or facilities-based) does not offer the same level of reliability that ILECs’ basic local
2 exchange service does. VoIP service relies upon power at the consumer’s location, or
3 upon a battery of limited life that will not function during a prolonged power outage (and
4 on the reliability of the underlying IP platform that cable companies or ILECs use).
5 During the time when consumers may be most vulnerable, and need their
6 telecommunications services the most, their VoIP service may not be working for hours
7 or days on end due to the power outage. A review of top cable company websites shows
8 that VoIP providers acknowledge this issue on their websites and a review of federal and
9 state government websites further corroborates this concern:

- 10 • Comcast states: “Service (including 911/emergency services) may not function
11 after an extended power outage.”¹⁹⁷ Customers can purchase a backup battery
12 from Comcast that will provide up to 8 hours standby time or 5 hours of talk
13 time.¹⁹⁸
- 14 • Cox states: “Modem uses household electrical power to operate. Telephone
15 service, including access to e911 service, will not be available during a power
16 outage without a battery or if the modem is moved or inoperable. New modem
17 installs do not come with a battery. You may purchase a battery from Cox or, if
18 you are a Lifeline customer, obtain a battery from Cox without charge. You must
19 monitor and replace the battery as needed.”¹⁹⁹

¹⁹⁷ <http://wwwb.comcast.com/home-phone-service.html> .

¹⁹⁸ <http://customer.comcast.com/help-and-support/phone/troubleshooting-battery-issues-with-digital-voice>

¹⁹⁹ www.cox.com/battery; http://www.cox.com/residential/phone/terms-and-conditions.cox#Phone-item-cdt_essential .

- 1 • Charter states: “Charter Spectrum Voice will also work during a power outage
2 with the appropriate backup battery installed* [Note reads: Charter provides an
3 optional back-up battery for an additional cost]. This battery will provide up to
4 eight hours of stand-by and five hours of talk time to provide you with Charter
5 Spectrum Voice services even during a power outage.”²⁰⁰
- 6 • As noted by the FCC in a consumer guide regarding VoIP: “VoIP service may not
7 work during a power outage, or when the Internet connection fails or becomes
8 overloaded.”²⁰¹
- 9 • See, also, a publication entitled: “Caution VoIP Subscribers, A 9-1-1 call made
10 with VoIP phone service may not bring the assistance that you need.”²⁰²

11 **Q: Is the FCC concerned about the public safety implications of VoIP service?**

12 **A:** Yes. For example, in a recent blog post, FCC Chairman Wheeler noted that he was
13 proposing “steps to ensure that consumers using these next generation networks and
14 services – whether cable coax or telecommunications fiber – can reach 911 and other
15 emergency services even when the power goes out.”²⁰³ My concerns are twofold: (1)
16 consumers may not learn fully about VoIP’s limitation until they are in the midst of a
17 power outage; and (2) Comcast may lack the incentive to pursue long-lasting

²⁰⁰ <https://www.charter.com/browse/phone-service/phone> .

²⁰¹ See <http://www.fcc.gov/guides/voip-and-911-service> . See, also,
http://www.voip.com/help/residential/your_account/911_dialing/power_outages_911.aspx .

²⁰² Produced by California 9-1-1 Emergency Communications Office, www.td.dgts.ca.gov/services/911,
available at: <http://www.elkgrovepd.org/support-services/printables/VoIPBrochure.pdf> .

²⁰³ “Technology Transitions: Consumers Matter Most,” Blog post, October 31, 2014,
<http://www.fcc.gov/blog/author/Tom%20Wheeler>.

1 technological solutions. As a result of merging with Time Warner Cable, Comcast's
2 VoIP subscribership base would increase substantially. Comcast could enhance the
3 public interest of the proposed transaction by committing to increased consumer outreach
4 and education regarding VoIP, and by committing funds for research and development
5 into deploying advanced, long-lasting batteries to all consumers at no charge.

6 **Comcast has violated consumers' privacy previously, which raises concerns regarding its**
7 **plan to increase substantially its subscriber base.**

8
9 **Q: Should the Commission be concerned about consumers' privacy, if the merger**
10 **occurs?**

11 A: Yes. As I discuss above, Comcast's post-merger plans for transitioning Time Warner
12 Cable customers and integrating them into Comcast's operations, billing, and customer-
13 service are virtually non-existent. The Commission should seek assurances from
14 Comcast that it is prepared fully to protect the privacy of its existing customers as well as
15 those it proposes to acquire from Time Warner. I discuss one such approach below.

16 **Q: What is the basis of your concern about Comcast's treatment of customers'**
17 **privacy?**

18 A: The Commission has investigated previously concerns about Comcast breaching
19 customers' privacy.²⁰⁴ Between 2010 and 2012, Comcast published the telephone

²⁰⁴ See Investigation on the Commission's Own Motion into the Operations, Practices, and Conduct of Comcast Phone of California, LLC (U-5698-C) and its Related Entities (collectively "Comcast") to Determine Whether Comcast Violated the Laws, Rules, and Regulations of this State in the Unauthorized Disclosure and Publication of Comcast Subscribers' Unlisted Names, Telephone Numbers, and Addresses, Order Instituting Investigation into the Unauthorized Disclosure and Publication of Unlisted Telephone Numbers by Comcast, Investigation 13-10-003 (issued Oct. 8, 2013).

1 numbers and addresses of more than 74,000 individuals and households who had paid to
2 keep this personal information unlisted.²⁰⁵ These consumers represented more than half
3 of the California customers who had subscribed to Comcast's unlisted phone service.²⁰⁶
4 As reported in one article: "While the breach hit California the hardest, it also occurred
5 with Comcast customers in other states. These numbers were treated just like ordinary
6 listed phone numbers, licensed by Comcast to 'publishers,' directory assistance
7 providers, and apparently passed on to other databases and published for everyone to
8 see."²⁰⁷

9 **Q: The Communications Division propounded interrogatories to Comcast regarding**
10 **privacy safeguards. Did you review Comcast's responses to these questions?**

11 **A:** Yes. For example, in response to one question,²⁰⁸ Comcast states:

12 Comcast has not experienced and is not aware of any breaches involving
13 customer information similar in scope or scale to those reported in the
14 media over the last year. However, despite our efforts described above in
15 Q-1:42, there have been isolated incidents that have resulted from
16 process, employee and third-party service provider failures to follow
17 privacy safeguards. In one instance, there was a process error that led to
18 an inadvertent publication of unlisted numbers of certain Comcast's
19 customers. Comcast took immediate steps to fix the problem, to work with
20 its vendor to remove all such listings, to investigate the period and extent of
21 the inadvertent publication and to notify affected customers and provide
22 them with refunds. Comcast also established a dedicated toll free number

²⁰⁵ "Comcast Data Breach Leaks Thousands of Unlisted Phone Numbers, Threatening Customers' Privacy," Electronic Frontier Foundation, August 25, 2014.
<https://www.eff.org/deeplinks/2014/08/comcast-data-breach-leaks-thousands-unlisted-phone-numbers-threatening-customers>

²⁰⁶ Id.

²⁰⁷ Id.

²⁰⁸ I include Comcast's response to CD Q-1:43 as Exhibit SMB-40.

1 and worked with impacted customers who contacted the number to
2 provide them with additional remedies tailored to meet their individual
3 needs including free telephone number changes, additional service credits
4 and reimbursements for home security systems. The error was
5 acknowledged and voluntarily reported by Comcast to the CPUC. . . .
6 Other smaller incidents have included employee theft of customer
7 information, improper disposal of business records containing customer
8 information and third party criminal and fraudulent activity targeting
9 businesses and consumers generally. These incidents may have resulted in
10 the loss, compromise or potential compromise of electronic and
11 physical copies of customer information, such as names, address,
12 telephone numbers, financial account information and social security
13 numbers. Upon discovery we took appropriate steps to fix the problems
14 and communicate with customers and law enforcement.
15

16 **Q: Based on this response, should the Commission assume that no further regulatory**
17 **safeguards are needed to protect consumers from future breaches of their privacy?**

18 **A:** Absolutely not. Merging two huge companies would require substantial administrative,
19 system, and management resources and attention. It is critically important that in its
20 efforts to integrate two large national companies and to transition a large customer base,
21 Comcast not jeopardize the privacy of its current and future customers. Comcast likely
22 will be seeking to cut costs by eliminating staff positions, which will further jeopardize
23 Comcast's ability to protect the privacy of its existing and new customers. Also, at some
24 point, Comcast may integrate customer databases and billing systems, which would also
25 potentially raise risks for consumers' privacy.

26 **Q: Do you have any recommendations to mitigate against this possible consumer**
27 **harm?**

1 A: Yes. Comcast should submit to the Commission, for the Commission's review and
2 approval, its plan for implementing a special notification for all Time Warner Cable
3 customers who subscribe to unlisted service regarding any and all plans for migrating
4 them to Comcast's systems for billing, databases, and customer listings. Finally,
5 Comcast should agree to pay penalties in the event of any future breaches of privacy,
6 with the penalty monies to be allocated to the Commission's enforcement program.

7 **Competitive pressures are insufficient to cause Comcast to share merger-related synergies**
8 **with consumers**
9

10 **Q: How does P.U. Code Section 854(b)(2) relate to the review of the proposed merger?**

11 A: It is my understanding that P.U. Code Section 854(b)(2) cannot be applied directly to this
12 transaction because the Commission does not have rate making authority for Comcast's
13 services. This makes a critical examination of the public interest aspects of the
14 transaction even more important. This portion of the California code provides that the
15 proposal "equitably allocates, where the Commission has ratemaking authority, the total
16 short-term and long-term forecasted economic benefits, as determined by the
17 Commission, of the proposed merger, acquisition, or control, between shareholders and
18 ratepayers" and that "[r]atepayers shall receive not less than 50 percent of those benefits."
19

20 Given that § 854(b)(2) is unavailable in this case due to the fact that the Commission
21 does not have ratemaking authority over Comcast's services, consumers cannot receive a
22 tangible economic benefit from this transaction. Thus, the other elements of the review
23 take on considerably more significance, and, the burden of proof on Comcast and Time

1 Warner Cable to demonstrate that the proposed transaction and any commitments they
2 may make in association with the proposed transaction are in the public interest should be
3 higher.

4 **Q: Have you reviewed information put forth by Joint Applicants with respect to**
5 **anticipated merger synergies?**

6 A: Yes. My review of their projected synergies leads to two primary concerns: the proposed
7 transaction's impact on employment (and thus communities in California)²⁰⁹ and whether
8 any synergies will accrue to consumers either through price reductions, new services,
9 investment in the network, for example, or whether synergies will accrue to shareholders,
10 instead.²¹⁰

11 **Q: Does Comcast promise to share synergies with consumers?**

12 A: No. The benefits of the proposed transaction to consumers are vague. Comcast is not
13 promising any price reductions or other supposed benefits of a competitive market.²¹¹

14 Instead, Comcast simply asserts that the proposed transaction will either maintain or

²⁰⁹ Comcast does not know how the proposed transaction would impact employees in California at this time. A.14-04-013 Joint Application, at 23.

²¹⁰ See, e.g., Comcast response to NAAC Q-1:11, stating: "Comcast has not made any specific determinations regarding how any money that is saved from reorganization and/or rationalization will be spent." I have included Comcast response to NAAC Q-1:11 as Exhibit SMB-41.

²¹¹ Cable prices continue to rise even as companies suggest the market is competitive. See "How to save money on triple-play cable services, Navigate the changing world of TV, Internet, and home phone service—and save money doing it," *Consumer Reports*, March 2014, at 3. The article compared the FCC's published data on the average price of expanded basic cable television (a step up from providers' entry level option) for the years 1998 through 2012 to the theoretical cable price, had the price increased by the Consumer Price Index. According to Consumer Reports, based on that barometer, consumers paid \$1,760, more for cable than they would have had cable price increases mirrored inflation.

1 improve financial conditions and maintain or improve quality of service.²¹² Given that
2 the voice and broadband Internet access markets are not competitive (see Section IV,
3 above), there is no incentive for Comcast to flow through any projected synergies to
4 consumers through price reductions, deployment of broadband to underserved or
5 unserved areas, or new and innovative services. Indeed, in response to CD Q-1:54, which
6 asks: “If there are any cost savings resulting from the merger, will they be passed on to
7 the customers? If so, what mechanisms will be used to pass on such savings?” which I
8 include as Exhibit SMB-43, Comcast responded with information about expected cost
9 savings, but failed to discuss how any of the projected cost savings would be passed on to
10 consumers.

11 **Q: Has Comcast quantified the expected cost saving and other synergies associated**
12 **with the proposed transaction?**

13 A: Yes, at the national level. In its Public Interest Statement filed with the FCC, Comcast
14 estimates cost savings and other synergies of \$1.5 billion annually.²¹³

15 **Q: Do the Joint Applicants provide any information with respect to what portion of the**
16 **synergies may be due to California-specific savings and synergies?**

²¹² A.14-04-013 Joint Application, at 22-23. CD Q-1:52 asks specifically what the financial benefits of the transaction are in California and Comcast cites its Application which simply states: “Joint Applicants submit that the merger will enhance the financial condition of the companies, which in turn will inure to the benefit of TWCIS (CA).” Id., at 22. I attach Comcast response to CD Q-1:52 as Exhibit SMB-42.

²¹³ FCC Public Interest Statement, at 27. See, also, Comcast confidential response to OCA Q-3:61, which I provide as Exhibit SMB-44.

1 A: No. Comcast indicates that it did not “quantify the merger synergies attributable to a
2 particular State.”²¹⁴

3 **Q: Have you calculated an estimate of California consumers’ “share” of merger
4 synergies?**

5 A: Yes, I have made a rough estimate based on the minimal information Joint Applicants
6 have provided in this proceeding and to which I have access. When asked to quantify the
7 portion of Comcast’s post-merger customer base that California consumers would
8 represent, Comcast estimated that [BEGIN COMCAST CONFIDENTIAL] [REDACTED]
9 [END COMCAST CONFIDENTIAL] of its pro forma broadband and voice subscribers
10 would be in the state of California.²¹⁵ A back of the envelope estimate, then, indicates
11 that roughly [BEGIN COMCAST CONFIDENTIAL] [REDACTED] [END COMCAST
12 CONFIDENTIAL] in annual synergies should accrue to California in some form to
13 benefit consumers and communities.

14 **Q: What then do you conclude based on your estimate of California’s share of the
15 Applicants projected synergies?**

16 A: Because the Commission does not have ratemaking authority over Comcast’s services,
17 Section 854(b)(2) is not an option. Therefore the other elements of the Commission’s
18 review take on substantially more significance, and, the burden of proof on Comcast and
19 Time Warner Cable to demonstrate that the proposed transaction is in the public interest

²¹⁴ Comcast response to CD Q-1:74, which I provide as Exhibit SMB-45.

²¹⁵ Comcast confidential response to CD Q-1:60, which I reproduce as Confidential Exhibit SMB-3.

1 should be higher. In Section VI, below, I identify some ways that the Applicants could
2 enhance the public interest of the proposed merger.

1
2
3 **VI. RECOMMENDATIONS**
4
5

6 **Q: Please summarize your major conclusions about the potential impact of the**
7 **proposed merger on residential consumers in California.**

8 **A:** Comcast's proposed acquisition of Time Warner Cable, which would increase the
9 quantities of Comcast's video, broadband Internet access, and voice subscribers by
10 approximately 50 percent and its revenues by approximately one-third, is a "high-stakes"
11 transaction with far-reaching repercussions. The California economy, communities, and
12 consumers increasingly depend on Comcast's network and services. As a high-tech state,
13 California depends critically on access to a state-of-the-art, globally competitive
14 advanced public network. The innovation, affordability, speed, resiliency, and ubiquity
15 of Comcast's broadband network directly and significantly affect California's ability to
16 compete in the global market place, attract talent and businesses, bolster innovation,
17 support adequate health care, support aging in place, enable remote learning, and
18 encourage civic engagement, among other things.

19
20 The proposed transaction presents a unique and important opportunity for the
21 Commission to establish adequate safeguards to ensure accountability by a company that
22 (1) already has vast resources; (2) is often a monopoly provider of an essential service –
23 broadband Internet access (at best a duopoly); (3) increasingly provides another essential
24 service - wireline voice service; (4) is a gatekeeper to the Internet (and therefore to

1 competition, innovation and free speech); and (5) controls content, such as NBCU, which
2 rides over the broadband “pipes” that Comcast controls.

3 **Q: Have the Applicants demonstrated that the proposed transaction is in the public**
4 **interest?**

5 A: No. Instead, in its pursuit of synergies, Comcast likely will eliminate positions and thus
6 diminish employment in the state. Its pursuit of synergies could also cause it to cut
7 operating expenses relating to the resiliency of its network and its customer service
8 operations, and create pressure to raise prices for its services. The proposed transaction
9 likely would make Comcast less accountable to its consumers, to regulators and to policy
10 makers. Moreover, the transaction would eliminate potential competition between two
11 large companies and also would eliminate a valuable benchmarking tool. The benefits
12 that the Applicants describe are vague. I recommend that the Commission reject the
13 proposed transaction.

14 **Q: If the Commission, contrary to your recommendation, approves the transaction,**
15 **should it seek commitments from Comcast to mitigate possible merger-related**
16 **adverse consequences, to benefit the economies of the state and local communities,**
17 **and to bolster the state’s ability to fulfill its Section 706 mandate?**

18 A: Yes. For the reasons I set forth in detail throughout my testimony I recommend that the
19 Commission seek the following commitments from Comcast:

20 **Broadband deployment:** (1) Annual report to the Commission with data and maps
21 showing the speed and deployment of its broadband Internet access with each community

1 served along with the median income of each of the communities served, and if there are
2 any significant deployment disparities that appear to be linked to communities' income, a
3 detailed explanation for such apparent disparities. (2) Submission of Form 477 data
4 (which provides geographically disaggregated data about the demand for Comcast's
5 broadband Internet access, by speed) to the Commission Staff, ORA, TURN, and other
6 intervenors within one week of such submission to the FCC, subject to the appropriate
7 proprietary treatment.

8 **Broadband adoption:** (1) Increased outreach efforts for Internet Essentials, with the
9 goal of increasing program participation; (2) Commitment to increasing IE participation
10 rates with specific milestones for Comcast's existing footprint and for its new footprint
11 for the years ending 2015, 2016, and 2017; (3) Expanded advertising for Internet
12 Essentials through television, radio, subway ads in community-specific languages; (4)
13 Expanded eligibility for Internet Essentials to include all households who are eligible for
14 the Lifeline Program; households with disabled members; and households with members
15 aged 65 and above.

16 **Broadband speeds:** The minimum speed offered through the Internet Essentials will be 4
17 Mbps. Subsequent increases in the minimum speed will track FCC-established speeds
18 for broadband.

19 **Unbundled broadband Internet access:** (1) Option for at least five years from the date
20 of the Commission's order for residential customers to purchase broadband Internet
21 access on a stand-alone with a download speed of at least 4 Mbps for no more than

1 \$15.00 per month; (2) Advertising in community-appropriate languages for the stand-
2 alone option through television, radio, and subway ads.

3 **Municipal broadband:** Will not oppose any municipality's broadband deployment plans
4 and execution; will not lobby for or support state legislation that would prohibit
5 municipalities' broadband deployment.

6 **Nondiscriminatory access:** Will extend the Comcast/NBCU net neutrality commitment
7 to seven years beyond the date of the Commission's order, that is, until at least 2022.

8 **Unbundled voice:** option for at least five years from the date of the Commission's order
9 (that is, until at least 2020) for customers to purchase voice on a stand-alone basis for no
10 more than \$20/month.

11 **Participation in Lifeline Program:** Commitment to participate in Lifeline program, or,
12 in the alternative, to offer stand-alone voice for no more than \$20 per month, and to
13 waive the installation fee.

14 **Public safety and reliability:** (1) Commitment to work with local and state emergency
15 officials to prepare for and respond to natural and manmade emergencies and power
16 outages ,and to report to local and state emergency officials on lessons learned from such
17 efforts. (2) Five-year commitment to conduct comprehensive consumer education
18 regarding the limitations of VoIP-based service during prolonged power outages. (3)
19 Five-year commitment to report outages to the Commission that affect (a) voice or (b)
20 broadband Internet access.

1 **Affordability:** (1) Five-year commitment to allow Time Warner Cable's customers to
2 retain the products at the prices that were in effect at the time the Application was
3 submitted to the Commission (i.e., April 11 2014); (2) Five-year commitment to not raise
4 the rates for any products for Time Warner Cable and Comcast residential customers,
5 whether offered on a stand-alone, packaged, or bundled basis.

6 **Transition:** (1) Commitment to seek approval from the Commission of proposed
7 education of customers regarding customer migration from Time Warner Cable to
8 Comcast. (2) Commitment to increase staffing levels at the time of transition to handle
9 customer queries promptly.

10 **Compliance with merger-related commitments and enforcement if Comcast fails to**
11 **comply:** Demonstrate compliance with its commitments through submission of annual
12 reports to the Commission and to all intervenors to this proceeding. Intervenors should
13 have the ability to petition the Commission to pursue enforcement if intervenors
14 determine that Comcast has failed to comply with the merger-related commitments it
15 makes in this proceeding.

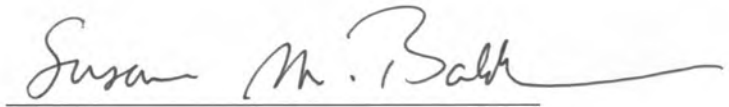
16
17 **Conclusion**

18
19 **Q: Does this conclude your initial testimony?**

20 **A:** Yes. However, within the limited time frame of this proceeding, I have not yet had the
21 opportunity to review and to analyze any of the highly confidential documents that the
22 Applicants submitted to the FCC in my preparation of initial testimony. Also, the

1 Applicants will not be submitting their “Form 477” information (which concerns the
2 speeds of their broadband Internet access) until on or after December 11, 2014.

I declare under penalty of perjury under the laws of the State of California that the facts set forth above are true and correct to the best of my knowledge and information. This declaration was executed this 10th day of December 2014 in Newburyport, Massachusetts.

A handwritten signature in cursive script, reading "Susan M. Baldwin", written over a horizontal line.

Susan M. Baldwin

**Public Exhibits
SMB-1 to SMB-45**

Redacted Confidential Exhibit SMB-1

A.14-04-013 / A.14-06-012
Response of Time Warner Cable

Data Request No. ORA-A.14-04-013.PHH001

To: Office of Ratepayer Advocates
Prepared By: Neil Dozier; Mark Fitzpatrick
Titles: Corporate Division Vice President, Management Reporting & Programming;
Corporate Senior Vice President, Chief Financial Officer, Residential Services
Employer: Time Warner Cable
Date of Request: August 27, 2014

Question 53:

Please provide Time Warner Cable's revenue in California for the years 2011, 2012 and 2013, and projections for 2014. Also provide annual revenues for these same periods for the following categories:

- a. Residential: video, high-speed internet, and Voice Services
- b. Business: video, high-speed internet, and Voice Services
- c. Enterprise Ethernet Services
- d. Wholesale IP Services
- e. Carrier Backhaul Services
- f. Advertising
- g. Other (Describe)

Response to Question 53:

TWC objects to this request on the grounds that it exceeds the established scope of the docket to the extent it is seeking information regarding any video/cable services, advertising services, or any other services outside of the scope of this proceeding. TWC further objects to this request on the grounds that the request is vague, ambiguous, unduly burdensome and overbroad.

Subject to the foregoing, TWC responds as follows:

See the spreadsheet attached as Exhibit 6, Bates # 003375. Please note that Exhibit 6 contains confidential information.

Redacted Confidential Exhibit SMB-2

Q-1:53. Please provide Comcast's revenue in California for the years 2011, 2012 and 2013, and projections for 2014. Also provide annual revenues for these same periods for the following categories:

- a. Residential: video, high-speed internet, and Voice Services**
- b. Business: video, high-speed internet, and Voice Services**
- c. Enterprise Ethernet Services**
- d. Wholesale IP Services**
- e. Carrier Backhaul Services**
- f. Advertising**
- g. Other (Describe)**

Objection:

Comcast objects to this request on the grounds that it exceeds the established scope of the docket to the extent it is seeking information regarding any video/cable services, advertising services, or any other services outside of the scope of this proceeding. Comcast further objects to this request on the grounds that the request is vague, ambiguous, unduly burdensome and overbroad.

Subject to the foregoing objections, Comcast responds as follows:

Response:

Attached hereto as Confidential Exhibit ORA/Comcast R:1-53 is Comcast Cable Communications' unaudited income statements for the company's systems with telephony operations in California, for years 2013, 2012 and 2011. This exhibit, which has been excerpted from Comcast's annual report on file with the Commission contains confidential and proprietary information and is subject to Public Utility Code 583. Note that these income statements include revenues that are not subject to regulation by the CPUC. Included in Exhibit ORA/Comcast R-1:53 is a 2014 revenue projection for those services subject to regulation by the CPUC. Additional revenue projections will be provided as a supplement to this response, if such projections are available.

Sponsor: Warren Fitting, Director, Government and Regulatory Affairs

Redacted Confidential Exhibit SMB-3

Q-1:60. California's market will represent what portion of the merged entity's total customer base post-merger?

Objection:

Comcast objects to this request on the grounds that it exceeds the established scope of the docket to the extent it is seeking information regarding any video/cable services, advertising services, or any other services outside of the scope of this proceeding. Finally, Comcast also objects on the grounds that the request seeks information about "anticipated" facts or circumstances which may arise in the future, and which would require the company to create a document not in existence.

Subject to the foregoing objections, Comcast responds as follows:

Response:

Comcast estimates that [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] of its pro forma broadband and voice subscribers would be in the state of California.

Sponsor: Michael Kelman, Vice President, Competitive and Business Analytics

Redacted Confidential Exhibit SMB-4

I. RESPONSES

Unless otherwise stated, Comcast's responses to DRs requesting specific figures provide data as of June 30, 2014.

Q-1:1. Please identify the total number of households passed where Comcast broadband service is available in California.

Objection:

Comcast objects to this request to the extent it seeks the production of information that is not in Comcast's possession, and is not normally generated or retained by the company. Further, the company also objects to this request on the grounds that the request is unduly burdensome and overbroad.

Subject to the foregoing objections, Comcast responds as follows:

Response:

See ORA Broadband Services Spreadsheet Propounded to Comcast, attached hereto as Confidential Exhibit ORA/Comcast R:1-1, at cell # B145099. Data provided in cell # B145099 of the Broadband Services Spreadsheet is as of August 28, 2014.

Sponsor: John Gutierrez, Director, Government and Regulatory Affairs

Q-1:2. Please identify the total number of households subscribed to Comcast broadband services in California.

Objection:

Comcast objects to this request to the extent it seeks the production of information that is not in Comcast's possession, and is not normally generated or retained by the company. Further, the company also objects to this request on the grounds that the request is unduly burdensome and overbroad.

Subject to the foregoing objections, Comcast responds as follows:

Response:

See ORA Broadband Services Spreadsheet Propounded to Comcast, attached hereto as Confidential Exhibit ORA/Comcast R:1-1, at cell # C145099. Data provided in cell # C145099 of the Broadband Services Spreadsheet is as of August 28, 2014.

Sponsor: John Gutierrez, Director, Government and Regulatory Affairs

Q-1:29. Please identify the total number of households passed where Comcast voice service is available in California.

Response:

There are [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] households passed where Comcast's residential voice services are available.

Sponsor: Patti Loyack, Vice President, Broadband Voice

Q-1:30. Please identify the total number of households subscribed to Comcast voice services in California.

Response:

There are [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] households subscribed to Comcast's residential voice services in California.

Sponsor: Patti Loyack, Vice President, Broadband Voice

Exhibit SMB-5

A.14-04-013 / A.14-06-012
Response of Time Warner Cable

Data Request No. ORA-A.14-04-013.PHH001

To: Office of Ratepayer Advocates
Prepared By: Indrajit Ponnambalam
Title: Group Vice President, Revenue and Marketing, Finance
Employer: Time Warner Cable
Date of Request: August 27, 2014

Question 1:

Please identify the total number of households passed where Time Warner Cable broadband service is available in California.

Response to Question 1:

There are 5,489,665 households passed where TWC broadband service is available in California.

A.14-04-013 / A.14-06-012
Response of Time Warner Cable

Data Request No. ORA-A.14-04-013.PHH001

To: Office of Ratepayer Advocates
Prepared By: Indrajit Ponnambalam
Title: Group Vice President, Revenue and Marketing, Finance
Employer: Time Warner Cable
Date of Request: August 27, 2014

Question 2:

Please identify the total number of households subscribed to Time Warner Cable broadband services in California.

Response to Question 2:

There are 2,133,609 households subscribed to TWC broadband services in California.

A.14-04-013 / A.14-06-012
Response of Time Warner Cable

Data Request No. ORA-A.14-04-013.PHH001

To: Office of Ratepayer Advocates
Prepared By: Jeff Lindsay
Title: Group Vice President & GM, Digital Phone
Employer: Time Warner Cable
Date of Request: August 27, 2014

Question 29:

Please identify the total number of households passed where Time Warner Cable voice service is available in California.

Response to Question 29:

There are 5,546,364 households where TWC voice service is available in California.

A.14-04-013 / A.14-06-012
Response of Time Warner Cable

Data Request No. ORA-A.14-04-013.PHH001

To: Office of Ratepayer Advocates
Prepared By: Jeff Lindsay
Title: Group Vice President & GM, Digital Phone
Employer: Time Warner Cable
Date of Request: August 27, 2014

Question 30:

Please identify the total number of households subscribed to Time Warner Cable voice services in California.

Response to Question 30:

There are 783,121 households subscribed to TWC voice services in California.

Exhibit SMB-6

Q-4:17. Please explain why the total number of households passed where Comcast voice service is available (Comcast's response to Question 29 of Data Request No. ORA-A.14-04-013.PHH-001) in California is different from the total number of households passed where Comcast broadband service is available (Comcast's response to Question 1 of Data Request No. ORA-A.14-04-013.PHH-001) in California.

Objection:

Comcast objects to this request to the extent it seeks the production of information that is not in Comcast's possession, and is not normally generated or retained by the company. Further, the company also objects to this request on the grounds that the request is unduly burdensome and overbroad.

Subject to the foregoing objections, Comcast responds as follows:

Response:

The total number of households passed where Comcast's voice service is available, as stated in Comcast's Response to ORA Q-1:29 is different from the total number of households passed by Comcast's broadband service, as provided in Comcast's Response to ORA Q-1:1, for four primary reasons. First, the data provided in Comcast's Response to ORA Q-1:29 is as of June 30, 2014. The data provided in Comcast's Response to ORA Q-1:1 is as of August 28, 2014. Second, the data provided in Comcast's Response to ORA Q-1:1 includes commercial locations, and only residential data was provided in Comcast's Response to ORA Q-1:29. Third, Comcast is precluded from offering its voice service in the service territories of certain small California ILECs (e.g., Calaveras Telephone and Kerman Telephone), where local wireline competition is prohibited. Accordingly, households passed by Comcast facilities in those areas are not included in Comcast's Response to ORA Q-1:29. Fourth, there is a small part of Comcast's footprint located in Mendocino County that was recently upgraded to have broadband capability, which is required to provide voice service, but is not yet voice-capable.

Sponsor: John Gutierrez, Director, Government and Regulatory Affairs

Exhibit SMB-7

A.14-04-013 / A.14-06-012
Response of Time Warner Cable

Data Request No. ORA-A.14-04-013.PHH001

To: Office of Ratepayer Advocates
Prepared By: George Gomez-Quintero
Title: Corporate Vice President, New Business Finance
Employer: Time Warner Cable
Date of Request: August 27, 2014

Question 14:

Is Time Warner Cable broadband service offered as a stand-alone service in California?

Response to Question 14:

Yes.

Exhibit SMB-8

Q-1:14. Is Comcast broadband service offered as a stand-alone service in California?

Response:

Yes, Comcast's broadband service is offered as a stand-alone service in California.

Sponsor: Amalia O'Sullivan, Vice President, Xfinity Internet Product

Redacted Confidential Exhibit SMB-9

Q-1:15. If the answer to Question #14 is yes, please identify the following:

- a. Product/service name**
- b. Description**
- c. Terms and Conditions**
- d. Price**
- e. Number of households subscribed to stand-alone broadband service in California**

Response:

The requested information for subparts (a)-(d) of this data request is stated in the Response to Q-1:8 and Exhibit ORA/Comcast R:1-8 hereto. In response to subpart (e), there are **[BEGIN CONFIDENTIAL]** [REDACTED] **[END CONFIDENTIAL]** households subscribed to stand-alone broadband service in California.

Sponsor: Amalia O'Sullivan, Vice President, Xfinity Internet Product

Exhibit SMB-10

A.14-04-013 / A.14-06-012
Response of Time Warner Cable

Data Request No. ORA-A.14-04-013.PHH001

To: Office of Ratepayer Advocates
Prepared By: Monique Crawford; Christine Dzujna
Titles: Corporate Division Administrator, Regulatory Affairs;
Senior Director, Compliance & Legal Affairs
Employer: Time Warner Cable
Date of Request: August 27, 2014

Question 15:

If the answer to Question #14 is yes, please identify the following:

- a. Product/service name;
- b. Description;
- c. Terms and Conditions;
- d. Price; and
- e. Number of households subscribed to stand-alone broadband service in California.

Response to Question 15:

- a.-d. See response to Question 8.
- e. The number of households subscribed to stand-alone broadband service in California is 716,739 (as of June 2014).

Exhibit SMB-11

Q-1:31. Does Comcast offer voice service on a standalone basis?

Response:

Yes. See Comcast's Response to ORA 1:28.

Sponsors:

Patti Loyack, Vice President, Broadband Voice

Kevin O'Toole, Senior Vice President and General Manager, New Business Solutions

Exhibit SMB-12

A.14-04-013 / A.14-06-012
Response of Time Warner Cable

Data Request No.: CD Request to Time Warner Cable -- Number One

To: Communications Division

Prepared By: Daniel Stoller; Jeff Lindsay

Title: Vice President, Corporate Strategy & Corporate Development; Group Vice President & General Manager, Phone Strategy & Corporate Development

Employer: Time Warner Cable

Date of Request: September 11, 2014

Question 25:

Does TWC offer voice service on a standalone basis?

Response to Question 25:

Yes.

Exhibit SMB-13

A.14-04-013 / A.14-06-012
Response of Time Warner Cable

Data Request No. ORA-A.14-04-013.PHH001

To: Office of Ratepayer Advocates
Prepared By: Gregory King; Jeff Lindsay
Title: Senior Vice President and Chief Products & Strategy Officer, Commercial Services;
Group Vice President & GM, Digital Phone
Employer: Time Warner Cable
Date of Request: August 27, 2014

Question 28:

Please identify all voice services offered by Time Warner Cable:

- a. Product/service name;
- b. Description (include if your voice service is VoIP);
- c. Is the product/service offered as a stand-alone service;
- d. Price;
- e. Terms and Conditions; and
- f. Total number of subscribers for each product/service offered.


Response to Question 28:

Residential Voice Services:

Time Warner Cable offers several different Home Phone Calling Plans. All Home Phone Calling Plans include Call Waiting, Caller ID, Call Waiting ID, Call Forwarding, Speed Dialing, Three-Way Calling and Anonymous Call Rejection. Voice Mail and special features are available for an extra monthly charge. Current rates are available at <http://www.timewarnercable.com>.

- a. Home Phone Service
 - Unlimited Nationwide
 - Unlimited In-State
 - Local
 - International One Price calling plan
 - Global Penny Phone Plan
- b. Home Phone Service Plan Descriptions*:
 - Unlimited National: unlimited local, interstate and intrastate calling plus free calling to Mexico, Canada, Puerto Rico and Virgin Islands
 - Unlimited In-State: unlimited local, in-state and intra-state calls. Interstate calls cost \$0.07 per minute.
 - Local: unlimited local calling and intrastate calling. Interstate calls cost \$0.07 per minute.

- International One Price: \$19.99 per month for 1000 ILD minutes
- Global Penny Phone Plan: \$2.95 per month plus \$0.01 per minute for calls made to any of 50 international destinations.
- * Home Phone is a voice over Internet protocol (“VoIP”) service.
- c. All three primary phone service options (Unlimited Nationwide, Unlimited In-State and Local) are available as stand-alone services.
- d. Product monthly pricing:
 - Unlimited National
 - standalone \$39.99
 - in double play \$20
 - in triple play \$10
 - In-state
 - standalone only \$29.99
 - Local
 - standalone only \$24.99
 - International One Price
 - \$19.99 per month for 1000 ILD minutes
 - Global Penny Phone Plan
 - \$2.95 per month for 50 international destinations at \$0.01/min
- e. Terms and Conditions

TWC’s residential voice services are subject to the Time Warner Cable Residential Services Subscriber Agreement, located at the following link:
<http://help.twcable.com/>
- f. Subscriber Numbers (as of August 22, 2014)
 - 

Business Voice Services:

- a. Business Class Phone, PRI and SIP services leverage Internet Protocol (“IP”) technology to deliver data packets of voice signals over TWC’s high-capacity fiber-coaxial network.
 - Business Class Phone (“BCP”)
 - Business Class PRI Trunks (“PRI”)
 - Business Class SIP Trunks (“SIP”)

b. Description*

- Business Class Phone: a business-centric IP-based phone service that replaces traditional “plain old telephone service” (“POTS”) lines. The service is offered with three optional calling plans: Nationwide, In-State and Local. International pricing plans and advanced features are also available.

Included Service Features:

Account Codes, Call Forward, Call Waiting, Three Way Call Transfer, Hunting, Inbound and Outbound Call Restrictions Call Blocking, Online Account Detail, Selective Call Forward/Rejection, Call Scheduler, Custom Caller ID, Call Logs, Do Not Disturb, Last Number Redial, Hotline/Suspended Line, Voice Manager

Optional Features:

Auto Attendant, Voicemail (single, group, or shared), Remote Call Forward, Enhanced Toll Free, Business Group Feature Package, Mobility Package, Custom Ring, Intercept Message. Additional charges may apply for these features.

- Business Class PRI Trunks: an IP-enabled voice trunk solution supporting primary rate interface (“PRI”) handoff to a customer’s private branch exchange (“PBX”). This service supports simultaneous voice calls using an industry standard primary rate interface T-1, and it is offered as a full trunk service (23B+D) or fractional trunk service with 8, 12, 16 voice (‘B’) channels.

Features:

Unlimited local calling, optional long distance packages, Caller ID, Direct Inward Dialing (“DID”), Inbound/Outbound call blocking options, online access to account details and usage reports, advanced features including Remote Call Forwarding (“RCF”), and Trunk Overflow.

- Business Class SIP Trunks: an IP-based voice solution supporting session initiation protocol (“SIP”) trunk handoff to a customer IP PBX; capacity is 6 to 200 simultaneous calls/call paths.

Features:

Unlimited local calling and optional long distance packages, Caller ID, Direct Inward Dialing (DID) service, Inbound/Outbound call blocking options, online access to account detail and usage reports, advanced features including RCF, and Trunk Overflow.

*All services include VoIP.

- c. All voice services (BCP, PRI, SIP) are sold as standalone services or bundled with other services.

- d. Below is the standard pricing list for TWC BCP, PRI and SIP services. Standard pricing is subject to promotional, volume, or individual case discounts.

BUSINESS CLASS PHONE					
Business Class Phone, MRC	1 Year	2 Year	3,4,5 Year		
Local	\$ 24.95	\$ 24.95	\$ 24.95		
Instate	\$ 29.95	\$ 29.95	\$ 29.95		
Nationwide Unlimited, IA & SD/DC - 1P	\$ 56.95	\$ 53.95	\$ 51.95		
- 2P	\$ 48.95	\$ 45.95	\$ 43.95		
- 3P	\$ 45.95	\$ 42.95	\$ 40.95		
Nationwide Unlimited Mountain West - 1P	\$ 54.95	\$ 50.95	\$ 48.95		
- 2P	\$ 46.95	\$ 42.95	\$ 40.95		
- 3P	\$ 43.95	\$ 40.95	\$ 39.95		
*1P - Single Play, 2P - Double Play, 3P - Triple Play					

BCP LD Rates	Rate / Min
Outbound LD with Local BCP Line	\$ 0.070
Outbound LD with Instate BCP Line	\$ 0.050

BCP Features	MRC
Bus Group Feature Package	\$ 3.95
Auto Attendant	\$ 19.95
Custom Ring	\$ 3.95
Mobility Package	\$ 3.95
Voice Mail	\$ 5.00
Group Voice Mail - First Mailbox	\$ 5.00
Group Voice Mail - Add'l Mailboxes	\$ 1.95
Shared Voice Mail	\$ 12.95

BCP Intercept Messaging	One Time
First 30 Days	\$ 0.00
60 Days Announcement	\$ 3.95
90 Days Announcement	\$ 7.90

BUSINESS CLASS TRUNKS (PRI / SIP)					
PRI Trunks, MRC	Contract Term				
	1 Year	2 Year	3 Year	4 Year	5, 7 Year
8 Channel Fractional	\$ 420.00	\$ 360.00	\$ 320.00	\$ 305.00	\$ 290.00
12 Channel Fractional	\$ 450.00	\$ 385.00	\$ 345.00	\$ 330.00	\$ 315.00
16 Channel Fractional	\$ 480.00	\$ 410.00	\$ 370.00	\$ 350.00	\$ 335.00
Full PRI (23 B Channels)	\$ 550.00	\$ 485.00	\$ 440.00	\$ 420.00	\$ 405.00
SIP Trunks, MRC					
Price Per Call Path	\$ 18.00	\$ 16.00	\$ 15.00	\$ 14.00	\$ 14.00
Minimum 6 Call Paths, increments of 1, maximum of 200 (fiber), same pricing over Fiber or DOCSIS					

Standard LD Rates (PRI or SIP)	Rate / Min
interstate	\$ 0.030
intrastate (varies by state)	

DID Blocks and Trunk Overflow (PRI or SIP)	MRC
DID 20 Block	\$ 3.00
DID 100 Block	\$ 15.00
Trunk Overflow (optional)	\$ 24.95
These are Monthly Recurring Charges co-terminus with contract.	

Options (BCP or PRI/SIP Trunks)	MRC
Remote Call Forward (RCF)	\$ 13.95
Additional Listing (*)	\$ 3.15
Foreign Listing (*)	\$ 3.15
(*) MRCs for Listings apply to BCP only. No Charge for Trunk.	

- e. TWC's Business Class Phone, PRI and SIP Services are subject to the Time Warner Cable Business Class Terms and Conditions, located at the following link:
<http://business.timewarnercable.com/legal/terms-conditions.html>
- f. TWC total number of subscribers with a billing address in California is presented below:

[REDACTED]

This data is current as of August 2014.

Redacted Confidential Exhibit SMB-14

A.14-04-013 / A.14-06-012
Response of Time Warner Cable

Data Request No. ORA-A.14-04-013.PHH001

To: Office of Ratepayer Advocates
Prepared By: Gregory King; Jeff Lindsay
Title: Senior Vice President and Chief Products & Strategy Officer, Commercial Services;
Group Vice President & GM, Digital Phone
Employer: Time Warner Cable
Date of Request: August 27, 2014

Question 28:

Please identify all voice services offered by Time Warner Cable:

- a. Product/service name;
- b. Description (include if your voice service is VoIP);
- c. Is the product/service offered as a stand-alone service;
- d. Price;
- e. Terms and Conditions; and
- f. Total number of subscribers for each product/service offered.


Response to Question 28:

Residential Voice Services:

Time Warner Cable offers several different Home Phone Calling Plans. All Home Phone Calling Plans include Call Waiting, Caller ID, Call Waiting ID, Call Forwarding, Speed Dialing, Three-Way Calling and Anonymous Call Rejection. Voice Mail and special features are available for an extra monthly charge. Current rates are available at <http://www.timewarnercable.com>.

- a. Home Phone Service
 - Unlimited Nationwide
 - Unlimited In-State
 - Local
 - International One Price calling plan
 - Global Penny Phone Plan
- b. Home Phone Service Plan Descriptions*:
 - Unlimited National: unlimited local, interstate and intrastate calling plus free calling to Mexico, Canada, Puerto Rico and Virgin Islands
 - Unlimited In-State: unlimited local, in-state and intra-state calls. Interstate calls cost \$0.07 per minute.
 - Local: unlimited local calling and intrastate calling. Interstate calls cost \$0.07 per minute.

- International One Price: \$19.99 per month for 1000 ILD minutes
- Global Penny Phone Plan: \$2.95 per month plus \$0.01 per minute for calls made to any of 50 international destinations.
- * Home Phone is a voice over Internet protocol (“VoIP”) service.
- c. All three primary phone service options (Unlimited Nationwide, Unlimited In-State and Local) are available as stand-alone services.
- d. Product monthly pricing:
 - Unlimited National
 - standalone \$39.99
 - in double play \$20
 - in triple play \$10
 - In-state
 - standalone only \$29.99
 - Local
 - standalone only \$24.99
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 - Global Penny Phone Plan
 - \$2.95 per month for 50 international destinations at \$0.01/min
- e. Terms and Conditions

TWC’s residential voice services are subject to the Time Warner Cable Residential Services Subscriber Agreement, located at the following link:
<http://help.twcable.com/>
- f. Subscriber Numbers (as of August 22, 2014)
 - 

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- a. Business Class Phone, PRI and SIP services leverage Internet Protocol (“IP”) technology to deliver data packets of voice signals over TWC’s high-capacity fiber-coaxial network.
 - Business Class Phone (“BCP”)
 - Business Class PRI Trunks (“PRI”)
 - Business Class SIP Trunks (“SIP”)

b. Description*

- Business Class Phone: a business-centric IP-based phone service that replaces traditional “plain old telephone service” (“POTS”) lines. The service is offered with three optional calling plans: Nationwide, In-State and Local. International pricing plans and advanced features are also available.

Included Service Features:

Account Codes, Call Forward, Call Waiting, Three Way Call Transfer, Hunting, Inbound and Outbound Call Restrictions Call Blocking, Online Account Detail, Selective Call Forward/Rejection, Call Scheduler, Custom Caller ID, Call Logs, Do Not Disturb, Last Number Redial, Hotline/Suspended Line, Voice Manager

Optional Features:

Auto Attendant, Voicemail (single, group, or shared), Remote Call Forward, Enhanced Toll Free, Business Group Feature Package, Mobility Package, Custom Ring, Intercept Message. Additional charges may apply for these features.

- Business Class PRI Trunks: an IP-enabled voice trunk solution supporting primary rate interface (“PRI”) handoff to a customer’s private branch exchange (“PBX”). This service supports simultaneous voice calls using an industry standard primary rate interface T-1, and it is offered as a full trunk service (23B+D) or fractional trunk service with 8, 12, 16 voice (‘B’) channels.

Features:

Unlimited local calling, optional long distance packages, Caller ID, Direct Inward Dialing (“DID”), Inbound/Outbound call blocking options, online access to account details and usage reports, advanced features including Remote Call Forwarding (“RCF”), and Trunk Overflow.

- Business Class SIP Trunks: an IP-based voice solution supporting session initiation protocol (“SIP”) trunk handoff to a customer IP PBX; capacity is 6 to 200 simultaneous calls/call paths.

Features:

Unlimited local calling and optional long distance packages, Caller ID, Direct Inward Dialing (DID) service, Inbound/Outbound call blocking options, online access to account detail and usage reports, advanced features including RCF, and Trunk Overflow.

*All services include VoIP.

- c. All voice services (BCP, PRI, SIP) are sold as standalone services or bundled with other services.

- d. Below is the standard pricing list for TWC BCP, PRI and SIP services. Standard pricing is subject to promotional, volume, or individual case discounts.

BUSINESS CLASS PHONE					
Business Class Phone, MRC	1 Year	2 Year	3,4,5 Year		
Local	\$ 24.95	\$ 24.95	\$ 24.95		
Instate	\$ 29.95	\$ 29.95	\$ 29.95		
Nationwide Unlimited, LA & SD/DC - 1P	\$ 56.95	\$ 53.95	\$ 51.95		
- 2P	\$ 48.95	\$ 45.95	\$ 43.95		
- 3P	\$ 45.95	\$ 42.95	\$ 40.95		
Nationwide Unlimited Mountain West - 1P	\$ 54.95	\$ 50.95	\$ 48.95		
- 2P	\$ 46.95	\$ 42.95	\$ 40.95		
- 3P	\$ 43.95	\$ 40.95	\$ 39.95		
*1P - Single Play, 2P - Double Play, 3P - Triple Play					

BCP LD Rates	Rate / Min
Outbound LD with Local BCP Line	\$ 0.070
Outbound LD with Instate BCP Line	\$ 0.050

BCP Features	MRC
Bus Group Feature Package	\$ 3.95
Auto Attendant	\$ 19.95
Custom Ring	\$ 3.95
Mobility Package	\$ 3.95
Voice Mail	\$ 5.00
Group Voice Mail - First Mailbox	\$ 5.00
Group Voice Mail - Add'l Mailboxes	\$ 1.95
Shared Voice Mail	\$ 12.95

BCP Intercept Messaging	One Time
First 30 Days	\$ 0.00
60 Days Announcement	\$ 3.95
90 Days Announcement	\$ 7.90

BUSINESS CLASS TRUNKS (PRI / SIP)					
PRI Trunks, MRC	Contract Term				
	1 Year	2 Year	3 Year	4 Year	5, 7 Year
8 Channel Fractional	\$ 420.00	\$ 360.00	\$ 320.00	\$ 305.00	\$ 290.00
12 Channel Fractional	\$ 450.00	\$ 385.00	\$ 345.00	\$ 330.00	\$ 315.00
16 Channel Fractional	\$ 480.00	\$ 410.00	\$ 370.00	\$ 350.00	\$ 335.00
Full PRI (23 B Channels)	\$ 550.00	\$ 485.00	\$ 440.00	\$ 420.00	\$ 405.00
SIP Trunks, MRC					
Price Per Call Path	\$ 18.00	\$ 16.00	\$ 15.00	\$ 14.00	\$ 14.00
Minimum 6 Call Paths, increments of 1, maximum of 200 (fiber), same pricing over Fiber or DOCSIS					

Standard LD Rates (PRI or SIP)	Rate / Min
Interstate	\$ 0.030
Intrastate (varies by state)	

DID Blocks and Trunk Overflow (PRI or SIP)	MRC
DID 20 Block	\$ 3.00
DID 100 Block	\$ 15.00
Trunk Overflow (optional)	\$ 24.95
These are Monthly Recurring Charges co-terminus with contract.	

Options (BCP or PRI/SIP Trunks)	MRC
Remote Call Forward (RCF)	\$ 13.95
Additional Listing (*)	\$ 3.15
Foreign Listing (*)	\$ 3.15
(*) MRCs for Listings apply to BCP only. No Charge for Trunk.	

- e. TWC's Business Class Phone, PRI and SIP Services are subject to the Time Warner Cable Business Class Terms and Conditions, located at the following link:
<http://business.timewarnercable.com/legal/terms-conditions.html>
- f. TWC total number of subscribers with a billing address in California is presented below:

[REDACTED]

This data is current as of August 2014.

Redacted Confidential Exhibit SMB-15

Q-1:28. Please identify all voice services offered by your company:

- a. Product/service name**
- b. Description (include if your voice service is VoIP)**
- c. Is the product/service offered as a stand-alone service?**
- d. Price**
- e. Terms and Conditions**
- f. Total number of subscribers for each product/service offered**

Response:

Comcast's Business Voice Services

In response to subparts (a), (b), (d) and (f) above, please see Response to Q-1:21 with respect to Comcast's voice services marketed as being well-suited for small businesses, Confidential Exhibit ORA/Comcast R:1-21.1 for descriptions of Comcast's business voice services, and the pricing lists for Comcast's business voice services attached hereto as Exhibit ORA/Comcast R:1-21.2.

In response to subpart (c) above, yes, Comcast's business voice services are offered as stand-alone services.

In response to subpart (e) above for Comcast's business voice services, please see Response Q-1:21 with respect to Comcast's voice services marketed as being well-suited for small businesses. The Terms and Conditions for Comcast's other business voice services are available at: <http://business.comcast.com/terms-conditions-ent> (last visited September 10, 2014).

Comcast's Residential Voice Services

In response to subparts (a), (b), and (d) above, please see the pricing lists for Comcast's XFINITY Voice Unlimited and XFINITY Voice Local with More services, attached hereto as Exhibit ORA/Comcast R:1-28.

In further response to subpart (b), yes, Comcast's residential voice services are VoIP services.

In response to subpart (c) above, yes, Comcast offers both the XFINITY Voice Unlimited and XFINITY Voice Local with More services as stand-alone services.

In response to subpart (e) above:

- Comcast's Agreement for Residential Services, including the terms and conditions for Comcast's residential voice services, is available for review at <http://www.comcast.com/Corporate/Customers/Policies/SubscriberAgreement.html> (last visited Sept. 4, 2014).

- Comcast's Acceptable Use Policy for its residential voice services is available for review at <http://www.comcast.com/Corporate/Customers/Policies/VoiceServices.html> (last visited Sept. 4, 2014).

In response to subpart (f) above, total subscribers by service in California:

- **XFINITY Voice Unlimited:** [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL]
- **XFINITY Voice Local with More:** [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL]

Sponsors:

Patti Loyack, Vice President, Broadband Voice

Kevin O'Toole, Senior Vice President and General Manager, New Business Solutions

**Comcast Corporation Response to
First Set of Discovery Requests from the Office of Ratepayer Advocates**

EXHIBIT ORA/COMCAST R-1:28

COMCAST XFINITY[®] VOICE SERVICE
RESIDENTIAL PRICING LIST (EFFECTIVE: AUGUST 01, 2014)
CENTRAL CALIFORNIA
VERSION 65

To modify/change this document contact David Lloyd.

Service is for residential customers located in Comcast serviceable areas only and is subject to availability. Multi-product discounts require continuous subscription to all specified Comcast products. Pricing shown does not include federal, state or local regulatory fees, taxes or surcharges. Service is subject to the Comcast Residential Subscriber Agreement and other applicable terms and conditions. Prices shown are effective on the date specified and are subject to change. Other restrictions apply. For additional information, contact us at 1-888-COMCAST.

MONTHLY SERVICES

	MONTHLY CHARGE
Xfinity UnlimitedTM [1]	
• Comcast Unlimited with Comcast High-Speed Internet <i>and</i> Comcast Cable services	\$39.95
• Comcast Unlimited with Comcast High-Speed Internet <i>or</i> Comcast Cable services	44.95
• Comcast Unlimited only	44.95
• Additional Premium Line (with Calling Features)	21.95
• Additional Basic Line (without Calling Features)	11.95
Local with More[®] [2]	
• Local with More with Comcast Internet <i>and/or</i> Comcast Video Services	\$24.95
• Local with More only	34.95
• Enhanced Voice Mail	3.95
• Additional Premium Line (with Calling Features and Voice Mail)	21.95
• Additional Basic Line (without Calling Features and Voice Mail)	11.95

[1] Includes unlimited nationwide direct-dial calling from your home including calls to Puerto Rico, US Virgin Islands, Guam, Saipan/N. Mariana Islands, Canada, and American Samoa. The following calling features are also included: 3-way Calling, Anonymous Call Rejection, Call Forwarding Selective, Call Forwarding Variable, Call Return, Call Screening, Call Waiting, Caller ID, Caller ID Per-Call or Per-Line Blocking, Caller ID with Call Waiting, Repeat Dialing, Speed Dial 8, Enhanced Voice Mail and other enhanced features. Prices shown are for the Voice component only.

[2] Includes unlimited direct-dialed local calling from your home. (For information regarding your Local Calling Area, call 1-888-COMCAST.) The following calling features are also included: 3-way Calling, Anonymous Call Rejection, Call Forwarding Selective, Call Forwarding Variable, Call Return, Call Screening, Call Waiting, Caller ID, Caller ID Per-Call or Per-Line Blocking, Caller ID with Call Waiting, Repeat Dialing, Speed Dial 8 and other enhanced features. Prices shown are for the Voice component only. Usage charges apply for calls to (and calls forwarded to) non-local terminating numbers.

COMCAST XFINITY[®] VOICE SERVICE
RESIDENTIAL PRICING LIST (EFFECTIVE: AUGUST 01, 2014)
CENTRAL CALIFORNIA
 VERSION 65

MONTHLY SERVICES – (CONT'D)

MONTHLY CHARGE

Optional Services

• Call Trace, per call	No Charge
• Domestic Toll Restriction	No Charge
• International Toll Restriction	No Charge
• Prohibit Bill to Third Party	No Charge
• Prohibit Collect Calls	No Charge
• Speed Dial 30	No Charge
• Text Messaging, Xfinity Unlimited – per line ^[1]	No Charge
• Text Messaging, Local with More – per line ^[1]	No Charge

Directory Listing Services

• Standard Directory Listing ^[2]	No Charge
• Non-published Directory Service, per line	\$1.50
• Non-listed Directory Service, per line	1.25 ^[3]
• Computer/Fax Line Directory Exclusion, per line	No Charge ^[4]
• Additional Listing, per line	Note ^[5]

Modem Lease Fee, up to a maximum of:

• 2-line Modem	\$8.00
• 4-line Modem	8.00

- [1] Includes daily allowance of 250 messages. Contact Comcast at www.xfinity.com/textmessaging for text area description and additional information.
- [2] The Standard Directory Listing will be made available at ecolisting.com and through the Comcast directory assistance operator. The Company is unable to guarantee inclusion (or the accuracy of information) in databases/directories controlled by other information providers.
- [3] This service is grandfathered to existing service arrangements at existing locations for Customers of record as of 4-26-10.
- [4] This service is grandfathered to existing service arrangements at existing locations for Customers of record as of 1-06-10.
- [5] Service is not currently available.

COMCAST XFINITY[®] VOICE SERVICE
RESIDENTIAL PRICING LIST (EFFECTIVE: AUGUST 01, 2014)
CENTRAL CALIFORNIA
 VERSION 65

TRANSACTIONAL CHARGES

	CHARGE
Directory Assistance Services	
• Domestic Directory Assistance ^[1,2]	
– Standard Directory Assistance	\$2.49/call
– Enhanced Directory Assistance	2.49/call
– Directory Assistance with Call Completion ^[3]	2.99/call
• International Directory Assistance ^[4]	4.99/call
• International Call Completion	Note ^[5]
Domestic Operator Services	
• Operator Surcharge ^[2,6]	\$2.49/call
• Busy Line Verify	Note ^[5]
• Busy Line Interrupt (includes busy line verify)	Note ^[5]
International Operator Services	
• Operator Surcharge ^[6]	\$4.99/call
Domestic Long Distance Usage Charges	
• Direct-Dialed Domestic Long Distance ^[7]	Included
• Local with More Direct-Dialed Domestic Long Distance (includes DA Call Completion) ^[8]	\$0.05/min.
• Operator-Assisted Domestic Long Distance	\$0.12/min.
International Long Distance Usage Charges	
(Rating information for direct-dialed and operator-assisted International calling is detailed in the Pricing Lists for those services.)	

[1] Limit 3 number requests per call.

[2] Registered users with qualifying disabilities may be eligible for waived or discounted charges for calls originating from their home that utilize Domestic Directory Assistance, Domestic Call Completion, or Operator Services for Domestic Station-to-Station Sent-Paid calls.

[3] Usage rates apply to non-local DA Call Completion for Local with More subscribers.

[4] Limit 1 number request per call.

[5] Service is not currently available.

[6] Usage rate applies in addition to specified surcharge.

[7] Included Domestic Long Distance applies to Xfinity Unlimited service subscribers only.

[8] Domestic Long Distance includes non-local calls to 50 United States, D.C. Puerto Rico, US Virgin Islands, Guam, Saipan, N. Mariana Islands and American Samoa. Rate shown also applies to calls to Canada. Partial minutes are rounded up to the next whole minute.

COMCAST XFINITY[®] VOICE SERVICE
RESIDENTIAL PRICING LIST (EFFECTIVE: AUGUST 01, 2014)
CENTRAL CALIFORNIA
VERSION 65

INSTALLATION/REPAIR/CHANGE CHARGES

	CHARGE
Installation	
• Standard Service Installation ^[1] , per event	Note ^[2]
• Service Activation ^[3] , per event	\$29.95
• Self Install Kit	15.00
• Reactivation Fee, per event	6.00
• Non-published Directory Service, per event	9.25
• Additional Listing Directory Service, per event	Note ^[4]
Repair	
• Service Charge – per technician, per hour	\$31.00
• In-Home Repair – (trouble call)	50.00
• Jack Charge (for new jacks), per jack	25.00
• Jack Change Charge, per jack	20.00
Change Charges	
• Telephone Number Change	\$20.00
• Feature Change	1.99
• Directory Listing Change	9.25
• Change of Billing Responsibility	No Charge
• Number Referral Service, (30 days)	No Charge
– Extended Referral (additional 30 days)	Note ^[4]

[1] “Service Installation” includes premises-related field activities: dispatching a technical as well as time and materials for physical installation.

[2] Contact Comcast for rate information.

[3] “Service Activation” includes back-office activities associated with the establishment of an account: set-up, order processing, bill initiation, etc.

[4] Service may not be available in all areas, contact Comcast for additional information.

COMCAST XFINITY[®] VOICE SERVICE
RESIDENTIAL PRICING LIST (EFFECTIVE: AUGUST 01, 2014)
CENTRAL CALIFORNIA
VERSION 65

ADMINISTRATIVE/GENERAL

	CHARGE
Late Payment Fee ^[1]	\$4.75
Payment Convenience Fee, up to ^[2]	\$5.99
Returned Check Fee	\$25.00
Unreturned Equipment Fees ^[3]	
• 2-Line Modem (DOCSIS 2.0), up to	\$ 70.00
• 2-Line Modem (DOCSIS 3.0), up to	90.00
• 4-Line Modem, up to	100.00
• ACG Base (including Data Card), up to	130.00
• Xfinity Voice Wireless Gateway, up to	100.00
Equipment Purchase Pricing ^[4]	
• 2-Line Modem (DOCSIS 3.0)	\$ 149.00
• 2-Line Modem (DOCSIS 2.0)	99.00
Service Protection Plan	\$ 2.99/mo.

Federal Universal Service Fund (USF)

– Universal Connectivity Charge Note ^[5]

Regulatory Recovery Fee

The Regulatory Recovery Fee (RRF) is a Comcast service charge imposed on voice services to recover Comcast's contributions for federal, state and municipal regulatory programs and assessments, including, without limitation, universal service. The RRF is neither government mandated nor a tax or fee imposed on you by the government, but is an amount that Comcast retains. The aggregated fee may vary based on service usage patterns and program surcharge rates, and may change over time.

– State Universal Service Fund (USF)	1.15%
– State Telecom Relay Service	0.059%
– City Utility User's Tax, up to a maximum of	11.00%
– County Utility User's Tax, up to a maximum of	5.50%
– State PUC recovery fee	0.18%
– State Hearing Impaired Fund	0.20%
– High Cost Fund - A	0.18%
– High Cost Fund - B	0.00%
– CA Advanced Services Fund	0.464%
– Federal Cost Recovery Fee (TRS/Telecom Provider)	1.85%

[1] Applied to unpaid balances of \$13.01 or more, 15 days after end of billing period.

[2] A Payment Convenience Fee may apply when a customer engages a Company employee or uses an Interactive Voice Response (IVR) System to complete a billing transaction.

[3] Fee applies for unreturned or customer-damaged equipment. Replacement equipment is Comcast (and not customer) owned. Actual charge is a function of equipment in use and, in some cases, may be less than charge shown.

[4] Offer subject to product availability. Price shown does not include shipping and handling (where applicable). Contact Comcast for additional information.

[5] In calculating the Federal USF Universal Connectivity Charge, the Company uses a percentage equal to the FCC's current USF carrier contribution percentage.

COMCAST XFINITY[®] VOICE SERVICE
RESIDENTIAL PRICING LIST (EFFECTIVE: AUGUST 01, 2014)
BAY AREA, CALIFORNIA
VERSION 73

To modify/change this document contact David Lloyd.

Service is for residential customers located in Comcast serviceable areas only and is subject to availability. Multi-product discounts require continuous subscription to all specified Comcast products. Pricing shown does not include federal, state or local regulatory fees, taxes or surcharges. Service is subject to the Comcast Residential Subscriber Agreement and other applicable terms and conditions. Prices shown are effective on the date specified and are subject to change. Other restrictions apply. For additional information, contact us at 1-888-COMCAST.

MONTHLY SERVICES

	MONTHLY CHARGE
Xfinity UnlimitedTM [1]	
• Comcast Unlimited with Comcast High-Speed Internet <i>and</i> Comcast Cable services	\$39.95
• Comcast Unlimited with Comcast High-Speed Internet <i>or</i> Comcast Cable services	44.95
• Comcast Unlimited only	44.95
• Additional Premium Line (with Calling Features)	21.95
• Additional Basic Line (without Calling Features)	11.95
Local with More[®] [2]	
• Local with More with Comcast Internet <i>and/or</i> Comcast Video Services	\$24.95
• Local with More only	34.95
• Enhanced Voice Mail	3.95
• Additional Premium Line (with Calling Features and Voice Mail)	21.95
• Additional Basic Line (without Calling Features and Voice Mail)	11.95

[1] Includes unlimited nationwide direct-dial calling from your home including calls to Puerto Rico, US Virgin Islands, Guam, Saipan/N. Mariana Islands, Canada, and American Samoa. The following calling features are also included: 3-way Calling, Anonymous Call Rejection, Call Forwarding Selective, Call Forwarding Variable, Call Return, Call Screening, Call Waiting, Caller ID, Caller ID Per-Call or Per-Line Blocking, Caller ID with Call Waiting, Repeat Dialing, Speed Dial 8, Enhanced Voice Mail and other enhanced features. Prices shown are for the Voice component only.

[2] Includes unlimited direct-dialed local calling from your home. (For information regarding your Local Calling Area, call 1-888-COMCAST.) The following calling features are also included: 3-way Calling, Anonymous Call Rejection, Call Forwarding Selective, Call Forwarding Variable, Call Return, Call Screening, Call Waiting, Caller ID, Caller ID Per-Call or Per-Line Blocking, Caller ID with Call Waiting, Repeat Dialing, Speed Dial 8 and other enhanced features. Prices shown are for the Voice component only. Usage charges apply for calls to (and calls forwarded to) non-local terminating numbers.

COMCAST XFINITY[®] VOICE SERVICE
RESIDENTIAL PRICING LIST (EFFECTIVE: AUGUST 01, 2014)
BAY AREA, CALIFORNIA
 VERSION 73

MONTHLY SERVICES – (CONT'D)

MONTHLY CHARGE

Optional Services

• Call Trace, per call	No Charge
• Domestic Toll Restriction	No Charge
• International Toll Restriction	No Charge
• Prohibit Bill to Third Party	No Charge
• Prohibit Collect Calls	No Charge
• Speed Dial 30	No Charge
• Text Messaging, Xfinity Unlimited – per line ^[1]	No Charge
• Text Messaging, Local with More – per line ^[1]	No Charge

Directory Listing Services

• Standard Directory Listing ^[2]	No Charge
• Non-published Directory Service, per line	\$1.50
• Non-listed Directory Service, per line	1.25 ^[3]
• Computer/Fax Line Directory Exclusion, per line	No Charge ^[4]
• Additional Listing, per line	Note ^[5]

Modem Lease Fee, up to a maximum of:

• 2-line Modem	\$8.00
• 4-line Modem	8.00

- [1] Includes daily allowance of 250 messages. Contact Comcast at www.xfinity.com/textmessaging for text area description and additional information.
- [2] The Standard Directory Listing will be made available at ecolisting.com and through the Comcast directory assistance operator. The Company is unable to guarantee inclusion (or the accuracy of information) in databases/directories controlled by other information providers.
- [3] This service is grandfathered to existing service arrangements at existing locations for Customers of record as of 4-26-10.
- [4] This service is grandfathered to existing service arrangements at existing locations for Customers of record as of 1-06-10.
- [5] Service is not currently available.

COMCAST XFINITY[®] VOICE SERVICE
RESIDENTIAL PRICING LIST (EFFECTIVE: AUGUST 01, 2014)
BAY AREA, CALIFORNIA
 VERSION 73

TRANSACTIONAL CHARGES

Directory Assistance Services

• Domestic Directory Assistance ^[1,2]	
– Standard Directory Assistance	\$2.49/call
– Enhanced Directory Assistance	2.49/call
– Directory Assistance with Call Completion ^[3]	2.99/call
• International Directory Assistance ^[4]	4.99/call
• International Call Completion	Note ^[5]

Domestic Operator Services

• Operator Surcharge ^[2,6]	\$2.49/call
• Busy Line Verify	Note ^[5]
• Busy Line Interrupt (includes busy line verify)	Note ^[5]

International Operator Services

• Operator Surcharge ^[6]	\$4.99/call
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Domestic Long Distance Usage Charges

• Direct-Dialed Domestic Long Distance ^[7]	Included
• Local with More Direct-Dialed Domestic Long Distance (includes DA Call Completion) ^[8]	\$0.05/min.
• Operator-Assisted Domestic Long Distance	\$0.12/min.

International Long Distance Usage Charges

(Rating information for direct-dialed and operator-assisted International calling is detailed in the Pricing Lists for those services.)

[1] Limit 3 number requests per call.

[2] Registered users with qualifying disabilities may be eligible for waived or discounted charges for calls originating from their home that utilize Domestic Directory Assistance, Domestic Call Completion, or Operator Services for Domestic Station-to-Station Sent-Paid calls.

[3] Usage rates apply to non-local DA Call Completion for Local with More subscribers.

[4] Limit 1 number request per call.

[5] Service is not currently available.

[6] Usage rate applies in addition to specified surcharge.

[7] Included Domestic Long Distance applies to Xfinity Unlimited service subscribers only.

[8] Domestic Long Distance includes non-local calls to 50 United States, D.C. Puerto Rico, US Virgin Islands, Guam, Saipan, N. Mariana Islands and American Samoa. Rate shown also applies to calls to Canada. Partial minutes are rounded up to the next whole minute.

COMCAST XFINITY[®] VOICE SERVICE
RESIDENTIAL PRICING LIST (EFFECTIVE: AUGUST 01, 2014)
BAY AREA, CALIFORNIA
 VERSION 73

INSTALLATION/REPAIR/CHANGE CHARGES

	CHARGE
Installation	
• Standard Service Installation ^[1] , per event	Note ^[2]
• Service Activation ^[3] , per event	\$29.95
• Self Install Kit	15.00
• Reactivation Fee, per event	6.00
• Non-published Directory Service, per event	9.25
• Additional Listing Directory Service, per event	Note ^[4]
Repair	
• Service Charge – per technician, per hour	\$31.00
• In-Home Repair – (trouble call)	50.00
• Jack Charge (for new jacks), per jack	25.00
• Jack Change Charge, per jack	20.00
Change Charges	
• Telephone Number Change	\$20.00
• Feature Change	1.99
• Directory Listing Change	9.25
• Change of Billing Responsibility	No Charge
• Number Referral Service, (30 days)	No Charge
– Extended Referral (additional 30 days)	Note ^[4]

[1] “Service Installation” includes premises-related field activities: dispatching a technical as well as time and materials for physical installation.

[2] Contact Comcast for rate information.

[3] “Service Activation” includes back-office activities associated with the establishment of an account: set-up, order processing, bill initiation, etc.

[4] Service may not be available in all areas, contact Comcast for additional information.

COMCAST XFINITY[®] VOICE SERVICE
RESIDENTIAL PRICING LIST (EFFECTIVE: AUGUST 01, 2014)
BAY AREA, CALIFORNIA
 VERSION 73

ADMINISTRATIVE/GENERAL

	CHARGE
Late Payment Fee ^[1]	\$4.75
Payment Convenience Fee, up to ^[2]	\$5.99
Returned Check Fee	\$25.00
Unreturned Equipment Fees ^[3]	
• 2-Line Modem (DOCSIS 2.0), up to	\$ 70.00
• 2-Line Modem (DOCSIS 3.0), up to	90.00
• 4-Line Modem, up to	100.00
• ACG Base (including Data Card), up to	130.00
• Xfinity Voice Wireless Gateway, up to	100.00
Equipment Purchase Pricing ^[4]	
• 2-Line Modem (DOCSIS 3.0)	\$ 149.00
• 2-Line Modem (DOCSIS 2.0)	99.00
Service Protection Plan	\$ 2.99/mo.
Federal Universal Service Fund (USF)	
– Universal Connectivity Charge	Note ^[5]

Regulatory Recovery Fee

The Regulatory Recovery Fee (RRF) is a Comcast service charge imposed on voice services to recover Comcast's contributions for federal, state and municipal regulatory programs and assessments, including, without limitation, universal service. The RRF is neither government mandated nor a tax or fee imposed on you by the government, but is an amount that Comcast retains. The aggregated fee may vary based on service usage patterns and program surcharge rates, and may change over time.

– State Universal Service Fund (USF)	1.15%
– State Telecom Relay Service	0.059%
– City Utility User's Tax, up to a maximum of	11.00%
– County Utility User's Tax, up to a maximum of	5.50%
– State PUC recovery fee	0.18%
– State Hearing Impaired Fund	0.20%
– High Cost Fund - A	0.18%
– High Cost Fund - B	0.00%
– CA Advanced Services Fund	0.464%
– Federal Cost Recovery Fee (TRS/Telecom Provider)	1.85%

[1] Applied to unpaid balances of \$13.01 or more, 15 days after end of billing period.

[2] A Payment Convenience Fee may apply when a customer engages a Company employee or uses an Interactive Voice Response (IVR) System to complete a billing transaction.

[3] Fee applies for unreturned or customer-damaged equipment. Replacement equipment is Comcast (and not customer) owned. Actual charge is a function of equipment in use and, in some cases, may be less than charge shown.

[4] Offer subject to product availability. Price shown does not include shipping and handling (where applicable). Contact Comcast for additional information.

[5] In calculating the Federal USF Universal Connectivity Charge, the Company uses a percentage equal to the FCC's current USF carrier contribution percentage.

Exhibit SMB-16

Q-1:28. Please identify all voice services offered by your company:

- a. Product/service name**
- b. Description (include if your voice service is VoIP)**
- c. Is the product/service offered as a stand-alone service?**
- d. Price**
- e. Terms and Conditions**
- f. Total number of subscribers for each product/service offered**

Response:

Comcast's Business Voice Services

In response to subparts (a), (b), (d) and (f) above, please see Response to Q-1:21 with respect to Comcast's voice services marketed as being well-suited for small businesses, Confidential Exhibit ORA/Comcast R:1-21.1 for descriptions of Comcast's business voice services, and the pricing lists for Comcast's business voice services attached hereto as Exhibit ORA/Comcast R:1-21.2.

In response to subpart (c) above, yes, Comcast's business voice services are offered as stand-alone services.

In response to subpart (e) above for Comcast's business voice services, please see Response Q-1:21 with respect to Comcast's voice services marketed as being well-suited for small businesses. The Terms and Conditions for Comcast's other business voice services are available at: <http://business.comcast.com/terms-conditions-ent> (last visited September 10, 2014).

Comcast's Residential Voice Services

In response to subparts (a), (b), and (d) above, please see the pricing lists for Comcast's XFINITY Voice Unlimited and XFINITY Voice Local with More services, attached hereto as Exhibit ORA/Comcast R:1-28.

In further response to subpart (b), yes, Comcast's residential voice services are VoIP services.

In response to subpart (c) above, yes, Comcast offers both the XFINITY Voice Unlimited and XFINITY Voice Local with More services as stand-alone services.

In response to subpart (e) above:

- Comcast's Agreement for Residential Services, including the terms and conditions for Comcast's residential voice services, is available for review at <http://www.comcast.com/Corporate/Customers/Policies/SubscriberAgreement.html> (last visited Sept. 4, 2014).

- Comcast's Acceptable Use Policy for its residential voice services is available for review at <http://www.comcast.com/Corporate/Customers/Policies/VoiceServices.html> (last visited Sept. 4, 2014).

In response to subpart (f) above, total subscribers by service in California:

- **XFINITY Voice Unlimited:** [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL]
- **XFINITY Voice Local with More:** [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL]

Sponsors:

Patti Loyack, Vice President, Broadband Voice

Kevin O'Toole, Senior Vice President and General Manager, New Business Solutions

**Comcast Corporation Response to
First Set of Discovery Requests from the Office of Ratepayer Advocates**

EXHIBIT ORA/COMCAST R-1:28

COMCAST XFINITY[®] VOICE SERVICE
RESIDENTIAL PRICING LIST (EFFECTIVE: AUGUST 01, 2014)
CENTRAL CALIFORNIA
VERSION 65

To modify/change this document contact David Lloyd.

Service is for residential customers located in Comcast serviceable areas only and is subject to availability. Multi-product discounts require continuous subscription to all specified Comcast products. Pricing shown does not include federal, state or local regulatory fees, taxes or surcharges. Service is subject to the Comcast Residential Subscriber Agreement and other applicable terms and conditions. Prices shown are effective on the date specified and are subject to change. Other restrictions apply. For additional information, contact us at 1-888-COMCAST.

MONTHLY SERVICES

	MONTHLY CHARGE
Xfinity UnlimitedTM [1]	
• Comcast Unlimited with Comcast High-Speed Internet <i>and</i> Comcast Cable services	\$39.95
• Comcast Unlimited with Comcast High-Speed Internet <i>or</i> Comcast Cable services	44.95
• Comcast Unlimited only	44.95
• Additional Premium Line (with Calling Features)	21.95
• Additional Basic Line (without Calling Features)	11.95
Local with More[®] [2]	
• Local with More with Comcast Internet <i>and/or</i> Comcast Video Services	\$24.95
• Local with More only	34.95
• Enhanced Voice Mail	3.95
• Additional Premium Line (with Calling Features and Voice Mail)	21.95
• Additional Basic Line (without Calling Features and Voice Mail)	11.95

[1] Includes unlimited nationwide direct-dial calling from your home including calls to Puerto Rico, US Virgin Islands, Guam, Saipan/N. Mariana Islands, Canada, and American Samoa. The following calling features are also included: 3-way Calling, Anonymous Call Rejection, Call Forwarding Selective, Call Forwarding Variable, Call Return, Call Screening, Call Waiting, Caller ID, Caller ID Per-Call or Per-Line Blocking, Caller ID with Call Waiting, Repeat Dialing, Speed Dial 8, Enhanced Voice Mail and other enhanced features. Prices shown are for the Voice component only.

[2] Includes unlimited direct-dialed local calling from your home. (For information regarding your Local Calling Area, call 1-888-COMCAST.) The following calling features are also included: 3-way Calling, Anonymous Call Rejection, Call Forwarding Selective, Call Forwarding Variable, Call Return, Call Screening, Call Waiting, Caller ID, Caller ID Per-Call or Per-Line Blocking, Caller ID with Call Waiting, Repeat Dialing, Speed Dial 8 and other enhanced features. Prices shown are for the Voice component only. Usage charges apply for calls to (and calls forwarded to) non-local terminating numbers.

COMCAST XFINITY[®] VOICE SERVICE
RESIDENTIAL PRICING LIST (EFFECTIVE: AUGUST 01, 2014)
CENTRAL CALIFORNIA
VERSION 65

MONTHLY SERVICES – (CONT'D)

MONTHLY CHARGE

Optional Services

• Call Trace, per call	No Charge
• Domestic Toll Restriction	No Charge
• International Toll Restriction	No Charge
• Prohibit Bill to Third Party	No Charge
• Prohibit Collect Calls	No Charge
• Speed Dial 30	No Charge
• Text Messaging, Xfinity Unlimited – per line ^[1]	No Charge
• Text Messaging, Local with More – per line ^[1]	No Charge

Directory Listing Services

• Standard Directory Listing ^[2]	No Charge
• Non-published Directory Service, per line	\$1.50
• Non-listed Directory Service, per line	1.25 ^[3]
• Computer/Fax Line Directory Exclusion, per line	No Charge ^[4]
• Additional Listing, per line	Note ^[5]

Modem Lease Fee, up to a maximum of:

• 2-line Modem	\$8.00
• 4-line Modem	8.00

[1] Includes daily allowance of 250 messages. Contact Comcast at www.xfinity.com/textmessaging for text area description and additional information.

[2] The Standard Directory Listing will be made available at ecolisting.com and through the Comcast directory assistance operator. The Company is unable to guarantee inclusion (or the accuracy of information) in databases/directories controlled by other information providers.

[3] This service is grandfathered to existing service arrangements at existing locations for Customers of record as of 4-26-10.

[4] This service is grandfathered to existing service arrangements at existing locations for Customers of record as of 1-06-10.

[5] Service is not currently available.

COMCAST XFINITY[®] VOICE SERVICE
RESIDENTIAL PRICING LIST (EFFECTIVE: AUGUST 01, 2014)
CENTRAL CALIFORNIA
VERSION 65

TRANSACTIONAL CHARGES

	CHARGE
Directory Assistance Services	
• Domestic Directory Assistance ^[1,2]	
– Standard Directory Assistance	\$2.49/call
– Enhanced Directory Assistance	2.49/call
– Directory Assistance with Call Completion ^[3]	2.99/call
• International Directory Assistance ^[4]	4.99/call
• International Call Completion	Note ^[5]
Domestic Operator Services	
• Operator Surcharge ^[2,6]	\$2.49/call
• Busy Line Verify	Note ^[5]
• Busy Line Interrupt (includes busy line verify)	Note ^[5]
International Operator Services	
• Operator Surcharge ^[6]	\$4.99/call
Domestic Long Distance Usage Charges	
• Direct-Dialed Domestic Long Distance ^[7]	Included
• Local with More Direct-Dialed Domestic Long Distance (includes DA Call Completion) ^[8]	\$0.05/min.
• Operator-Assisted Domestic Long Distance	\$0.12/min.
International Long Distance Usage Charges	
(Rating information for direct-dialed and operator-assisted International calling is detailed in the Pricing Lists for those services.)	

[1] Limit 3 number requests per call.

[2] Registered users with qualifying disabilities may be eligible for waived or discounted charges for calls originating from their home that utilize Domestic Directory Assistance, Domestic Call Completion, or Operator Services for Domestic Station-to-Station Sent-Paid calls.

[3] Usage rates apply to non-local DA Call Completion for Local with More subscribers.

[4] Limit 1 number request per call.

[5] Service is not currently available.

[6] Usage rate applies in addition to specified surcharge.

[7] Included Domestic Long Distance applies to Xfinity Unlimited service subscribers only.

[8] Domestic Long Distance includes non-local calls to 50 United States, D.C. Puerto Rico, US Virgin Islands, Guam, Saipan, N. Mariana Islands and American Samoa. Rate shown also applies to calls to Canada. Partial minutes are rounded up to the next whole minute.

COMCAST XFINITY[®] VOICE SERVICE
RESIDENTIAL PRICING LIST (EFFECTIVE: AUGUST 01, 2014)
CENTRAL CALIFORNIA
 VERSION 65

INSTALLATION/REPAIR/CHANGE CHARGES

	CHARGE
Installation	
• Standard Service Installation ^[1] , per event	Note ^[2]
• Service Activation ^[3] , per event	\$29.95
• Self Install Kit	15.00
• Reactivation Fee, per event	6.00
• Non-published Directory Service, per event	9.25
• Additional Listing Directory Service, per event	Note ^[4]
Repair	
• Service Charge – per technician, per hour	\$31.00
• In-Home Repair – (trouble call)	50.00
• Jack Charge (for new jacks), per jack	25.00
• Jack Change Charge, per jack	20.00
Change Charges	
• Telephone Number Change	\$20.00
• Feature Change	1.99
• Directory Listing Change	9.25
• Change of Billing Responsibility	No Charge
• Number Referral Service, (30 days)	No Charge
– Extended Referral (additional 30 days)	Note ^[4]

[1] “Service Installation” includes premises-related field activities: dispatching a technical as well as time and materials for physical installation.

[2] Contact Comcast for rate information.

[3] “Service Activation” includes back-office activities associated with the establishment of an account: set-up, order processing, bill initiation, etc.

[4] Service may not be available in all areas, contact Comcast for additional information.

COMCAST XFINITY[®] VOICE SERVICE
RESIDENTIAL PRICING LIST (EFFECTIVE: AUGUST 01, 2014)
CENTRAL CALIFORNIA
VERSION 65

ADMINISTRATIVE/GENERAL

	CHARGE
Late Payment Fee ^[1]	\$4.75
Payment Convenience Fee, up to ^[2]	\$5.99
Returned Check Fee	\$25.00
Unreturned Equipment Fees ^[3]	
• 2-Line Modem (DOCSIS 2.0), up to	\$ 70.00
• 2-Line Modem (DOCSIS 3.0), up to	90.00
• 4-Line Modem, up to	100.00
• ACG Base (including Data Card), up to	130.00
• Xfinity Voice Wireless Gateway, up to	100.00
Equipment Purchase Pricing ^[4]	
• 2-Line Modem (DOCSIS 3.0)	\$ 149.00
• 2-Line Modem (DOCSIS 2.0)	99.00
Service Protection Plan	\$ 2.99/mo.
Federal Universal Service Fund (USF)	
– Universal Connectivity Charge	Note ^[5]

Regulatory Recovery Fee

The Regulatory Recovery Fee (RRF) is a Comcast service charge imposed on voice services to recover Comcast's contributions for federal, state and municipal regulatory programs and assessments, including, without limitation, universal service. The RRF is neither government mandated nor a tax or fee imposed on you by the government, but is an amount that Comcast retains. The aggregated fee may vary based on service usage patterns and program surcharge rates, and may change over time.

– State Universal Service Fund (USF)	1.15%
– State Telecom Relay Service	0.059%
– City Utility User's Tax, up to a maximum of	11.00%
– County Utility User's Tax, up to a maximum of	5.50%
– State PUC recovery fee	0.18%
– State Hearing Impaired Fund	0.20%
– High Cost Fund - A	0.18%
– High Cost Fund - B	0.00%
– CA Advanced Services Fund	0.464%
– Federal Cost Recovery Fee (TRS/Telecom Provider)	1.85%

[1] Applied to unpaid balances of \$13.01 or more, 15 days after end of billing period.

[2] A Payment Convenience Fee may apply when a customer engages a Company employee or uses an Interactive Voice Response (IVR) System to complete a billing transaction.

[3] Fee applies for unreturned or customer-damaged equipment. Replacement equipment is Comcast (and not customer) owned. Actual charge is a function of equipment in use and, in some cases, may be less than charge shown.

[4] Offer subject to product availability. Price shown does not include shipping and handling (where applicable). Contact Comcast for additional information.

[5] In calculating the Federal USF Universal Connectivity Charge, the Company uses a percentage equal to the FCC's current USF carrier contribution percentage.

COMCAST XFINITY[®] VOICE SERVICE
RESIDENTIAL PRICING LIST (EFFECTIVE: AUGUST 01, 2014)
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To modify/change this document contact David Lloyd.

Service is for residential customers located in Comcast serviceable areas only and is subject to availability. Multi-product discounts require continuous subscription to all specified Comcast products. Pricing shown does not include federal, state or local regulatory fees, taxes or surcharges. Service is subject to the Comcast Residential Subscriber Agreement and other applicable terms and conditions. Prices shown are effective on the date specified and are subject to change. Other restrictions apply. For additional information, contact us at 1-888-COMCAST.

MONTHLY SERVICES

	MONTHLY CHARGE
Xfinity UnlimitedTM [1]	
• Comcast Unlimited with Comcast High-Speed Internet <i>and</i> Comcast Cable services	\$39.95
• Comcast Unlimited with Comcast High-Speed Internet <i>or</i> Comcast Cable services	44.95
• Comcast Unlimited only	44.95
• Additional Premium Line (with Calling Features)	21.95
• Additional Basic Line (without Calling Features)	11.95
Local with More[®] [2]	
• Local with More with Comcast Internet <i>and/or</i> Comcast Video Services	\$24.95
• Local with More only	34.95
• Enhanced Voice Mail	3.95
• Additional Premium Line (with Calling Features and Voice Mail)	21.95
• Additional Basic Line (without Calling Features and Voice Mail)	11.95

[1] Includes unlimited nationwide direct-dial calling from your home including calls to Puerto Rico, US Virgin Islands, Guam, Saipan/N. Mariana Islands, Canada, and American Samoa. The following calling features are also included: 3-way Calling, Anonymous Call Rejection, Call Forwarding Selective, Call Forwarding Variable, Call Return, Call Screening, Call Waiting, Caller ID, Caller ID Per-Call or Per-Line Blocking, Caller ID with Call Waiting, Repeat Dialing, Speed Dial 8, Enhanced Voice Mail and other enhanced features. Prices shown are for the Voice component only.

[2] Includes unlimited direct-dialed local calling from your home. (For information regarding your Local Calling Area, call 1-888-COMCAST.) The following calling features are also included: 3-way Calling, Anonymous Call Rejection, Call Forwarding Selective, Call Forwarding Variable, Call Return, Call Screening, Call Waiting, Caller ID, Caller ID Per-Call or Per-Line Blocking, Caller ID with Call Waiting, Repeat Dialing, Speed Dial 8 and other enhanced features. Prices shown are for the Voice component only. Usage charges apply for calls to (and calls forwarded to) non-local terminating numbers.

COMCAST XFINITY[®] VOICE SERVICE
RESIDENTIAL PRICING LIST (EFFECTIVE: AUGUST 01, 2014)
BAY AREA, CALIFORNIA
 VERSION 73

MONTHLY SERVICES – (CONT'D)

MONTHLY CHARGE

Optional Services

• Call Trace, per call	No Charge
• Domestic Toll Restriction	No Charge
• International Toll Restriction	No Charge
• Prohibit Bill to Third Party	No Charge
• Prohibit Collect Calls	No Charge
• Speed Dial 30	No Charge
• Text Messaging, Xfinity Unlimited – per line ^[1]	No Charge
• Text Messaging, Local with More – per line ^[1]	No Charge

Directory Listing Services

• Standard Directory Listing ^[2]	No Charge
• Non-published Directory Service, per line	\$1.50
• Non-listed Directory Service, per line	1.25 ^[3]
• Computer/Fax Line Directory Exclusion, per line	No Charge ^[4]
• Additional Listing, per line	Note ^[5]

Modem Lease Fee, up to a maximum of:

• 2-line Modem	\$8.00
• 4-line Modem	8.00

- [1] Includes daily allowance of 250 messages. Contact Comcast at www.xfinity.com/textmessaging for text area description and additional information.
- [2] The Standard Directory Listing will be made available at ecolisting.com and through the Comcast directory assistance operator. The Company is unable to guarantee inclusion (or the accuracy of information) in databases/directories controlled by other information providers.
- [3] This service is grandfathered to existing service arrangements at existing locations for Customers of record as of 4-26-10.
- [4] This service is grandfathered to existing service arrangements at existing locations for Customers of record as of 1-06-10.
- [5] Service is not currently available.

COMCAST XFINITY[®] VOICE SERVICE
RESIDENTIAL PRICING LIST (EFFECTIVE: AUGUST 01, 2014)
BAY AREA, CALIFORNIA
 VERSION 73

TRANSACTIONAL CHARGES

Directory Assistance Services

• Domestic Directory Assistance ^[1,2]	
– Standard Directory Assistance	\$2.49/call
– Enhanced Directory Assistance	2.49/call
– Directory Assistance with Call Completion ^[3]	2.99/call
• International Directory Assistance ^[4]	4.99/call
• International Call Completion	Note ^[5]

Domestic Operator Services

• Operator Surcharge ^[2,6]	\$2.49/call
• Busy Line Verify	Note ^[5]
• Busy Line Interrupt (includes busy line verify)	Note ^[5]

International Operator Services

• Operator Surcharge ^[6]	\$4.99/call
-------------------------------------	-------------

Domestic Long Distance Usage Charges

• Direct-Dialed Domestic Long Distance ^[7]	Included
• Local with More Direct-Dialed Domestic Long Distance (includes DA Call Completion) ^[8]	\$0.05/min.
• Operator-Assisted Domestic Long Distance	\$0.12/min.

International Long Distance Usage Charges

(Rating information for direct-dialed and operator-assisted International calling is detailed in the Pricing Lists for those services.)

[1] Limit 3 number requests per call.

[2] Registered users with qualifying disabilities may be eligible for waived or discounted charges for calls originating from their home that utilize Domestic Directory Assistance, Domestic Call Completion, or Operator Services for Domestic Station-to-Station Sent-Paid calls.

[3] Usage rates apply to non-local DA Call Completion for Local with More subscribers.

[4] Limit 1 number request per call.

[5] Service is not currently available.

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COMCAST XFINITY[®] VOICE SERVICE
RESIDENTIAL PRICING LIST (EFFECTIVE: AUGUST 01, 2014)
BAY AREA, CALIFORNIA
 VERSION 73

INSTALLATION/REPAIR/CHANGE CHARGES

	CHARGE
Installation	
• Standard Service Installation ^[1] , per event	Note ^[2]
• Service Activation ^[3] , per event	\$29.95
• Self Install Kit	15.00
• Reactivation Fee, per event	6.00
• Non-published Directory Service, per event	9.25
• Additional Listing Directory Service, per event	Note ^[4]
Repair	
• Service Charge – per technician, per hour	\$31.00
• In-Home Repair – (trouble call)	50.00
• Jack Charge (for new jacks), per jack	25.00
• Jack Change Charge, per jack	20.00
Change Charges	
• Telephone Number Change	\$20.00
• Feature Change	1.99
• Directory Listing Change	9.25
• Change of Billing Responsibility	No Charge
• Number Referral Service, (30 days)	No Charge
– Extended Referral (additional 30 days)	Note ^[4]

[1] “Service Installation” includes premises-related field activities: dispatching a technical as well as time and materials for physical installation.

[2] Contact Comcast for rate information.

[3] “Service Activation” includes back-office activities associated with the establishment of an account: set-up, order processing, bill initiation, etc.

[4] Service may not be available in all areas, contact Comcast for additional information.

COMCAST XFINITY[®] VOICE SERVICE
RESIDENTIAL PRICING LIST (EFFECTIVE: AUGUST 01, 2014)
BAY AREA, CALIFORNIA
 VERSION 73

ADMINISTRATIVE/GENERAL

	CHARGE
Late Payment Fee ^[1]	\$4.75
Payment Convenience Fee, up to ^[2]	\$5.99
Returned Check Fee	\$25.00
Unreturned Equipment Fees ^[3]	
• 2-Line Modem (DOCSIS 2.0), up to	\$ 70.00
• 2-Line Modem (DOCSIS 3.0), up to	90.00
• 4-Line Modem, up to	100.00
• ACG Base (including Data Card), up to	130.00
• Xfinity Voice Wireless Gateway, up to	100.00
Equipment Purchase Pricing ^[4]	
• 2-Line Modem (DOCSIS 3.0)	\$ 149.00
• 2-Line Modem (DOCSIS 2.0)	99.00
 Service Protection Plan	 \$ 2.99/mo.
 Federal Universal Service Fund (USF)	
– Universal Connectivity Charge	Note ^[5]

Regulatory Recovery Fee

The Regulatory Recovery Fee (RRF) is a Comcast service charge imposed on voice services to recover Comcast's contributions for federal, state and municipal regulatory programs and assessments, including, without limitation, universal service. The RRF is neither government mandated nor a tax or fee imposed on you by the government, but is an amount that Comcast retains. The aggregated fee may vary based on service usage patterns and program surcharge rates, and may change over time.

– State Universal Service Fund (USF)	1.15%
– State Telecom Relay Service	0.059%
– City Utility User's Tax, up to a maximum of	11.00%
– County Utility User's Tax, up to a maximum of	5.50%
– State PUC recovery fee	0.18%
– State Hearing Impaired Fund	0.20%
– High Cost Fund - A	0.18%
– High Cost Fund - B	0.00%
– CA Advanced Services Fund	0.464%
– Federal Cost Recovery Fee (TRS/Telecom Provider)	1.85%

[1] Applied to unpaid balances of \$13.01 or more, 15 days after end of billing period.

[2] A Payment Convenience Fee may apply when a customer engages a Company employee or uses an Interactive Voice Response (IVR) System to complete a billing transaction.

[3] Fee applies for unreturned or customer-damaged equipment. Replacement equipment is Comcast (and not customer) owned. Actual charge is a function of equipment in use and, in some cases, may be less than charge shown.

[4] Offer subject to product availability. Price shown does not include shipping and handling (where applicable). Contact Comcast for additional information.

[5] In calculating the Federal USF Universal Connectivity Charge, the Company uses a percentage equal to the FCC's current USF carrier contribution percentage.

Redacted Confidential Exhibit SMB-17

A.14-04-013 / A.14-06-012
Response of Time Warner Cable

Data Request No. ORA-A.14-04-013.PHH001

To: Office of Ratepayer Advocates

Prepared By: Pam Murrin; Monique Crawford; Christine Dzujna

Titles: Corporate Group Vice President, Marketing, Analytics & In Marketing;
Corporate Division Administrator, Regulatory Affairs;
Senior Director, Compliance & Legal Affairs

Employer: Time Warner Cable

Date of Request: August 27, 2014

Question 9:

Please provide the information requested in items (7) and (8) separately for each year over the period 2009 through and including 2014.

Response to Question 9:

TWC objects to this request on the grounds that the request is vague, ambiguous, unduly burdensome, and overbroad. TWC further objects on the grounds that the request seeks the production of information not in TWC's possession or control, and is not normally generated or retained by TWC, in that TWC does not retain the requested information for prior years.

Subject to the foregoing, TWC responds as follows:

See responses to Questions 7 and 8 for historical data relating to those questions. TWC does not maintain the historical data relating to Question 7 in any readily accessible format prior to Q2 2012 and cannot provide this information.

Redacted Confidential Exhibit SMB-18

Q-1:9. Please provide the information requested in items (7) and (8) separately for each year over the period 2009 through and including 2014.

Objection:

Comcast objects to this request to the extent it seeks the production of information that is not in Comcast's possession, and is not normally generated or retained by the company, in that the company does not retain the request information for prior years. The company also objects on the grounds that the request seeks information that is neither relevant to the issues in this proceeding, nor reasonably calculated to lead to the discovery of relevant or admissible evidence. Further, the company also objects to this request on the grounds that the request is vague, ambiguous, unduly burdensome and overbroad.

Subject to the foregoing objections, Comcast responds as follows:

Response:

Comcast does not have a comprehensive list of the residential broadband products/services and pricing that it has offered within California from 2009 through and including 2014 that responds to all of the data points sought by Q-1:7 and Q-1:8. Attached hereto as Exhibit ORA/Comcast R:1-9 are rate cards, dated 2009 through 2013, for Comcast's services offered in Berkley, CA. Those rate cards contain a representative sample of the residential broadband products/services offered by Comcast within California during those years. The 2014 Services & Pricing Rate Card for Comcast's services offered in Berkley, CA is attached as Exhibit ORA/Comcast R:1-8.

Sponsor: Amalia O'Sullivan, Vice President, Xfinity Internet Product

Exhibit SMB-19

Q-1:56. What is the current participation level of residential customers in Lifeline in California with respect to services offered by Comcast?

Response:

Comcast does not provide Lifeline services in California at this time.

Sponsor: Patti Loyack, Vice President, Broadband Voice

Exhibit SMB-20

A.14-04-013 / A.14-06-012
Response of Time Warner Cable

Data Request No. ORA-A.14-04-013.PHH001

To: Office of Ratepayer Advocates
Prepared By: Jeff Lindsay
Title: Group Vice President & GM, Digital Phone
Employer: Time Warner Cable
Date of Request: August 27, 2014

Question 56:

What is the current participation level of residential customers in Lifeline in California with respect to services offered by Time Warner Cable?

Response to Question 56:

Currently Time Warner Cable does not offer Lifeline service and therefore has no subscribers in this category.

Exhibit SMB-21



Comcast Corporation
300 New Jersey Avenue, NW
Suite 700
Washington, DC 20001
202.379.7121

REDACTED – FOR PUBLIC INSPECTION

October 23, 2014

VIA ELECTRONIC FILING

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20544

**Re: *Applications of Comcast Corporation, Time Warner Cable Inc.,
Charter Communications, Inc., and SpinCo for Consent to Assign or Transfer
Control of Licenses and Authorizations, MB Docket No. 14-57***
REDACTED – FOR PUBLIC INSPECTION

Dear Ms. Dortch:

Comcast Corporation (“Comcast”) hereby submits its final narrative answers and exhibits responsive to the Commission’s August 21, 2014 Information and Data Request (the “Request”).¹ These answers and exhibits provide revised and supplemental information responsive to certain Requests pursuant to the Media Bureau’s October 3, 2014 Public Notice,² as clarified by subsequent discussions between representatives of Comcast and the Commission.³ Specifically, Commission staff requested additional information regarding the following Requests:

- **Request 2(h)** – Staff requested that Comcast provide internal estimates of facilities-based overbuilder overlap going back to 2009 and requested reports or documents with overbuilder estimates where available. Comcast has provided the requested information to supplement its initial responses.

¹ See Letter from William T. Lake, Chief, Media Bureau, to Kathryn A. Zachem, Comcast Corporation, MB Docket No. 14-57 (Aug. 21, 2014).

² See *Commission Announces Extension of Time to File Replies to Responses and Oppositions for its Review of Applications of Comcast Corporation, Time Warner Cable Inc., Charter Communications, Inc., and SpinCo to Assign and Transfer Control of FCC Licenses and Other Authorizations*, Public Notice, MB Docket No. 14-57, DA 14-1446, at 2 n.7 (Oct. 3, 2014).

³ See Letter from Kathryn A. Zachem, Comcast Corporation, to Marlene H. Dortch, Secretary, FCC, MB Docket No. 14-57 (Oct. 14, 2014); Letter from Kathryn A. Zachem, Comcast Corporation, to Marlene H. Dortch, Secretary, FCC, MB Docket No. 14-57 (Oct. 9, 2014).

COMCAST_ORA_0001772

REDACTED – FOR PUBLIC INSPECTION

Ms. Marlene H. Dortch

October 23, 2014

Page 2

- **Request 12** – Staff requested that Comcast confirm that its initial responses reflected Comcast’s own perspective and not that of the other applicants in this proceeding. Staff further requested that Comcast provide various additional information about actual and potential competitors for each of the relevant services. Comcast has provided a revised response to this Request in place of its initial response.
- **Request 13** – Staff requested that Comcast confirm that its initial responses reflected Comcast’s own perspective and not that of the other applicants in this proceeding. Staff further requested that Comcast identify all requirements for entry into the provision of each relevant service and an estimate of the time required to meet each requirement. Comcast has provided a revised response to this Request in place of its initial response.
- **Request 15** – Staff requested that Comcast confirm that its initial responses reflected Comcast’s own perspective and not that of the other applicants in this proceeding. Comcast has supplemented its initial response with the requested confirmation.
- **Request 19** – Staff requested that Comcast provide or indicate the location within Comcast’s initial responses of certain annual data. Comcast has supplemented its initial response with the requested information.
- **Request 51** – Staff requested that Comcast provide lists of conditions from the Comcast-NBCUniversal transaction that will and will not apply to the systems acquired by Comcast in this transaction, subject to the need for further clarification by the Commission. Comcast has provided a revised response to this Request in place of its initial response.
- **Request 52** – Staff requested that Comcast indicate the conditions listed in response to Request 51 that have become a part of Comcast’s “core” business ethics and operations. Comcast has supplemented its initial response with the requested information.
- **Request 59** – Staff requested supplemental information regarding Comcast’s usage based billing trials, including the costs and benefits of this program and its effects on customer behavior. Comcast has supplemented its initial response with the requested information.
- **Request 68** – Staff requested that Comcast provide a more complete description of the contractual terms offered for its CDN service. Comcast has supplemented its initial response with the requested information.
- **Request 75** – Staff requested that Comcast provide, to the extent possible, a measurement of how much traffic in a given DMA comes from a particular IP point of presence; staff acknowledged that such measurement may be impossible due to the nature of how the Internet works, but asked for confirmation. Comcast has supplemented its initial response with the requested information.
- **Request 80** – Staff requested that Comcast provide a timeline for when transaction-related efficiencies, savings, new or improved products, and synergies will be generated and realized by Comcast. Comcast has supplemented its initial response with the requested information.

COMCAST_ORA_0001773

REDACTED – FOR PUBLIC INSPECTION

Ms. Marlene H. Dortch
October 23, 2014
Page 3

- **Request 84(a)** – Staff requested that Comcast provide more specifics regarding the timetable for actions necessary to finalize various financial transactions related to the Time Warner Cable merger. Comcast has supplemented its initial response with the requested information.
- **Request 86** – Staff requested that Comcast confirm that no additional economic analyses exist beyond what Comcast has previously provided. Comcast has supplemented its initial response with the requested information.
- **Request 88(b)** – Staff requested that Comcast provide or indicate the location within Comcast’s initial responses of the referenced attachments. Comcast has supplemented its initial response with the requested information.
- **Request 89** – Staff requested various formatting revisions to and explanations of spreadsheet exhibits previously provided, and confirmation that all available data has been submitted. Comcast has provided revised versions of exhibits submitted with Comcast’s initial responses and has supplemented its initial response with additional information.

Comcast also provides herewith clarifications and additional information with respect to Requests 4 and 8 that Commission staff separately requested. With the submission of this letter and the attached materials, Comcast now has addressed the Request in full.

Comcast submits herewith one copy of the redacted, public version of this filing. The {{ }} symbols denote where Highly Confidential Information has been redacted and the [] symbols denote where Confidential Information has been redacted. A Highly Confidential version of this filing, which includes additional, Highly Confidential exhibits, has been submitted to the Office of the Secretary pursuant to the terms of the Modified Joint Protective Order in effect in this proceeding.⁴ The Confidential and Highly Confidential versions of this filing will be made available for inspection pursuant to the terms of the Modified Joint Protective Order.

If you have any questions or require further information, please do not hesitate to contact me.

Respectfully submitted,

/s/ Kathryn A. Zachem

Senior Vice President,
Regulatory and State Legislative Affairs
Comcast Corporation

⁴ *Applications of Comcast Corp. and Time Warner Cable Inc. for Consent to Assign or Transfer Control of Licenses and Authorizations*, Modified Joint Protective Order, MB Docket No. 14-57, DA 14-1464 (Oct. 7, 2014) (“Modified Joint Protective Order”); *see also Applications of Comcast Corp. and Time Warner Cable Inc. for Consent to Assign or Transfer Control of Licenses and Authorizations*, Order, MB Docket No. 14-57, DA 14-1463, ¶¶ 11-12 (Oct. 7, 2014).

86. **Produce all vertical foreclosure analysis, or other vertical competitive effects analysis, econometric modeling, or similar analyses, including those regarding market concentration or pricing, that have been undertaken by the Company or any consultant or expert hired by the Company to analyze the effect of the proposed TWC transaction and the proposed divestiture transactions, including all documents and data used in these analyses.**

CLARIFYING RESPONSE:

Comcast [[]] what Comcast previously provided in response to Requests 23-25 along with the backup data and documents submitted related to those responses⁶¹ and the backup data and documents submitted related to the initial and reply declarations of Dr. Mark Israel and Drs. Gregory Rosston and Michael Topper in this proceeding.⁶² Any other materials [[]] would have been provided in Comcast's production of responsive documents to the FCC.

⁶¹ See Letter from Kathryn A. Zachem, Comcast Corporation, to Marlene H. Dortch, Secretary, FCC, MB. Docket No. 14-57 (Sept. 18, 2014) (enclosed CD-ROM).

⁶² See Letter from Francis M. Buono, Counsel to Comcast Corporation, to Marlene H. Dortch, Secretary, FCC, MB. Docket No. 14-57 (June 27, 2014) (enclosed CD-ROM); Letter from Francis M. Buono, Counsel to Comcast Corporation, to Marlene H. Dortch, Secretary, FCC, MB. Docket No. 14-57 (Sept. 29, 2014) (enclosed CD-ROM).

Exhibit SMB-22

Q-1:7. Please provide any research performed or relied upon by the Joint Applicants relating to effects of the proposed merger on competition in the telecommunications industry.

Joint Respondents object to this request on the grounds that the request is vague, ambiguous and overbroad.

Subject to the foregoing objections, Joint Respondents respond as follows by describing some relevant research relied on:

The Public Interest Statement (PIS) and the economists' declarations attached thereto discuss the positive effects of the proposed merger on competition. Rather than having any negative affect on competition, competitors should be motivated to respond to the new technology and services that the combined company will bring to the marketplace. Moreover, as explained in the Application and in response to DR-1:3 above, Time Warner Cable and Comcast Corporation do not engage in direct facilities-based competition with one another in California. No customers will have fewer providers of voice, or broadband service to choose from as a result of the transaction. Joint Respondents have, in their Reply to Protests, relied upon the FCC's Local Competition Report (*see* Wireline Competition Bureau, Industry Analysis and Technology Division report on Local Telephone Competition: Status as of December 31, 2012), and have reviewed the CPUC's 2011 Market Share Analysis report. Both reports are accessible to the general public and available to NAAC via the Internet.

Confidential Subject to Pub. Util. Code Section 583 and Non-Disclosure Agreement

Exhibit SMB-23



Robert W. Quinn, Jr.
Senior Vice President
Federal Regulatory and
Chief Privacy Officer

AT&T Services, Inc.
1120 20th St., NW, Suite 1000
Washington, DC 20036

November 25, 2014

VIA ECFS

Marlene H. Dortch, Esq.
Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, D.C. 20554

Re: *Applications of AT&T Inc. and DIRECTV for Consent to Assign or Transfer Control of Licenses and Authorizations, MB Docket No. 14-90*
REDACTED – FOR PUBLIC INSPECTION

Dear Ms. Dortch:

AT&T Inc. (“AT&T”) hereby responds to the Commission letter dated November 14, 2014.¹

When AT&T announced its acquisition of DIRECTV in May 2014, we also announced our commitment to enhance and expand high-speed broadband service to at least 15 million customer locations, mostly in rural areas, utilizing a combination of technologies such as fiber to the premises (“FTTP”) and fixed wireless local loop capabilities. “This new commitment, to be completed within four years after close, is on top of the fiber and Project VIP broadband expansion plans” that we had announced prior to the DIRECTV transaction.²

The premise of the Commission’s November 14 Letter is incorrect. AT&T is not limiting our FTTP deployment to 2 million homes. To the contrary, AT&T still plans to complete the major initiative we announced in April to expand our ultra-fast GigaPower fiber network in 25 major metropolitan areas nationwide, including 21 new major metropolitan areas.³ In addition, as AT&T has described to the Commission in this proceeding,⁴ the

¹ Letter to Robert W. Quinn, Jr., Senior Vice President, AT&T Services, Inc. from Jamillia Ferris, Office of the General Counsel, Federal Communications Commission, MB Docket No. 14-90 (Nov. 14, 2014) (“November 14 Letter”).

² Press Release, AT&T, AT&T to Acquire DIRECTV (May 18, 2014), http://about.att.com/story/att_to_acquire_directv.html.

³ Press Release, AT&T, AT&T Eyes 100 U.S. Cities and Municipalities for its Ultra-Fast Fiber Network (Apr. 21, 2014), http://about.att.com/story/att_eyes_100_u_s_cities_and_municipalities_for_its_ultra_fast_fiber_network.html.

synergies created by our DIRECTV transaction will allow us to extend our GigaPower service to at least 2 million additional customer locations, beyond those announced in April, within four years after close.

At the same time, President Obama's proposal in early November to regulate the entire Internet under rules from the 1930s injects significant uncertainty into the economics underlying our investment decisions. While we have reiterated that we will stand by the commitments described above, this uncertainty makes it prudent to pause consideration of any further investments – beyond those discussed above – to bring advanced broadband networks to even more customer locations, including additional upgrades of existing DSL and IPDSL lines, that might be feasible in the future under a more stable and predictable regulatory regime. To be clear, AT&T has not stated that the President's proposal would render all of these locations unprofitable. Rather, AT&T simply cannot evaluate additional investment beyond its existing commitments until the regulatory treatment of broadband service is clarified.

Accordingly, AT&T responds to Requests (a)-(c) of the Commission's November 14 Letter as follows:

- With respect to Requests (a) and (b), we refer the Commission to our response to FCC Information Request Nos. 61 and 56.n.⁵ These responses describe the total number of customer locations to which AT&T currently plans to deploy FTTP based on pre-transaction economics, as well as the additional customer locations to which AT&T has determined it will be economically viable to reach as a result of the merger-specific cost savings and synergies described in these proceedings.
- In further response to Request (a), the attached chart provides, by DMA^{®6} within AT&T's 21-state wireline footprint, the number of customer locations to which AT&T has deployed FTTP and Fiber-to-the-Node ("FTTN") technologies as of October 2014 and the number of additional customer locations to which AT&T currently plans to deploy FTTN.⁷

Footnote continued from previous page

⁴ Description of the Transaction, Public Interest Showing, and Related Demonstrations at 41 (filed June 11, 2014).

⁵ See Response of AT&T Inc. to Information and Discovery Requests dated September 9, 2014, MB Docket No. 14-90, at Response Nos. 61 & 56.n (filed Oct. 7, 2014); see also Joint Opposition of AT&T Inc. and DIRECTV to Petitions to Deny and Condition Reply to Comments at 21-22 & n.62 (filed Oct. 16, 2014); Declaration of John T. Stankey, Group President and Chief Strategy Officer AT&T Inc. ¶¶ 43- 44 (filed June 11, 2014).

⁶ DMA® is a registered trademark of The Nielsen Company. Used under license.

⁷ **[BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]**

Footnote continued on next page

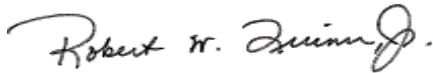
Marlene H. Dortch, Esq.
November 25, 2014

- Because Request (c) incorrectly assumes that AT&T is limiting its deployment of fiber to 2 million homes, there are no documents responsive to Request (c).

Pursuant to the *Second Amended Modified Joint Protective Order*⁸ and the instructions set forth in the November 14 Letter and the FCC's Information and Data Requests dated September 9, 2014 in this proceeding, AT&T is filing herewith, via ECFS, this **redacted** public version. An unredacted Stamped Highly Confidential copy of this submission is being delivered to your office. Additional copies of the unredacted submission are being delivered to the Commission staff under separate cover.

Please contact me at (202) 457-3851 if you have any questions. Thank you for your assistance.

Respectfully submitted,



Robert W. Quinn, Jr.
Sr. VP-Federal Regulatory and Chief Privacy Officer

Enclosure

cc (via email): Daniel Ball
Jim Bird
Brendan Holland
Vanessa Lemmé
Christopher Sova
Best Copy and Printing, Inc.

Footnote continued from previous page

[END AT&T HIGHLY

CONFIDENTIAL INFORMATION]

⁸ *Applications of AT&T Inc. and DIRECTV for Consent to Assign or Transfer Control of Licenses and Authorizations*, Second Amended Modified Joint Protective Order, DA 14-1640 (MB rel. Nov. 12, 2014).

**AT&T FTTP and FTTN Customer Locations¹
by Designated Market Area (“DMA[®]”)
as of October 2014**

[illegible]

¹ Customer locations represent the count of living units (consumer and business) to which AT&T is technically capable of providing service, including occupied and unoccupied locations. The customer location figures set forth herein reflect the consummated transfer of SNET and SNET America in Connecticut to Frontier Communications. With AT&T's ongoing buildout, the number of customer locations served by a given technology will continue to change. As previously described, the planned FTTP deployment will include customer locations currently served by various technologies, including FTTN. *See* Response of AT&T Inc. to Information and Discovery Requests dated September 9, 2014, MB Docket No. 14-90, at Response Nos. 61(e) & 61(f) (filed Oct. 7, 2014).

2 [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]
[END AT&T HIGHLY CONFIDENTIAL
INFORMATION]

DMA[®]	Customer Locations with FTTP	Customer Locations with FTTN	FTTN Deployment Planned²
TOTAL			[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

³ [BEGIN AT&T CONFIDENTIAL INFORMATION]

[END AT&T

CONFIDENTIAL INFORMATION]

⁴ [BEGIN AT&T CONFIDENTIAL INFORMATION]

[END AT&T CONFIDENTIAL INFORMATION]

Exhibit SMB-24



Comcast Corporation
300 New Jersey Avenue, NW
Suite 700
Washington, DC 20001
202.379.7121

REDACTED – FOR PUBLIC INSPECTION

October 23, 2014

VIA ELECTRONIC FILING

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20544

**Re: *Applications of Comcast Corporation, Time Warner Cable Inc.,
Charter Communications, Inc., and SpinCo for Consent to Assign or Transfer
Control of Licenses and Authorizations, MB Docket No. 14-57***
REDACTED – FOR PUBLIC INSPECTION

Dear Ms. Dortch:

Comcast Corporation (“Comcast”) hereby submits its final narrative answers and exhibits responsive to the Commission’s August 21, 2014 Information and Data Request (the “Request”).¹ These answers and exhibits provide revised and supplemental information responsive to certain Requests pursuant to the Media Bureau’s October 3, 2014 Public Notice,² as clarified by subsequent discussions between representatives of Comcast and the Commission.³ Specifically, Commission staff requested additional information regarding the following Requests:

- **Request 2(h)** – Staff requested that Comcast provide internal estimates of facilities-based overbuilder overlap going back to 2009 and requested reports or documents with overbuilder estimates where available. Comcast has provided the requested information to supplement its initial responses.

¹ See Letter from William T. Lake, Chief, Media Bureau, to Kathryn A. Zachem, Comcast Corporation, MB Docket No. 14-57 (Aug. 21, 2014).

² See Commission Announces Extension of Time to File Replies to Responses and Oppositions for its Review of Applications of Comcast Corporation, Time Warner Cable Inc., Charter Communications, Inc., and SpinCo to Assign and Transfer Control of FCC Licenses and Other Authorizations, Public Notice, MB Docket No. 14-57, DA 14-1446, at 2 n.7 (Oct. 3, 2014).

³ See Letter from Kathryn A. Zachem, Comcast Corporation, to Marlene H. Dortch, Secretary, FCC, MB Docket No. 14-57 (Oct. 14, 2014); Letter from Kathryn A. Zachem, Comcast Corporation, to Marlene H. Dortch, Secretary, FCC, MB Docket No. 14-57 (Oct. 9, 2014).

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- **Request 12** – Staff requested that Comcast confirm that its initial responses reflected Comcast’s own perspective and not that of the other applicants in this proceeding. Staff further requested that Comcast provide various additional information about actual and potential competitors for each of the relevant services. Comcast has provided a revised response to this Request in place of its initial response.
- **Request 13** – Staff requested that Comcast confirm that its initial responses reflected Comcast’s own perspective and not that of the other applicants in this proceeding. Staff further requested that Comcast identify all requirements for entry into the provision of each relevant service and an estimate of the time required to meet each requirement. Comcast has provided a revised response to this Request in place of its initial response.
- **Request 15** – Staff requested that Comcast confirm that its initial responses reflected Comcast’s own perspective and not that of the other applicants in this proceeding. Comcast has supplemented its initial response with the requested confirmation.
- **Request 19** – Staff requested that Comcast provide or indicate the location within Comcast’s initial responses of certain annual data. Comcast has supplemented its initial response with the requested information.
- **Request 51** – Staff requested that Comcast provide lists of conditions from the Comcast-NBCUniversal transaction that will and will not apply to the systems acquired by Comcast in this transaction, subject to the need for further clarification by the Commission. Comcast has provided a revised response to this Request in place of its initial response.
- **Request 52** – Staff requested that Comcast indicate the conditions listed in response to Request 51 that have become a part of Comcast’s “core” business ethics and operations. Comcast has supplemented its initial response with the requested information.
- **Request 59** – Staff requested supplemental information regarding Comcast’s usage based billing trials, including the costs and benefits of this program and its effects on customer behavior. Comcast has supplemented its initial response with the requested information.
- **Request 68** – Staff requested that Comcast provide a more complete description of the contractual terms offered for its CDN service. Comcast has supplemented its initial response with the requested information.
- **Request 75** – Staff requested that Comcast provide, to the extent possible, a measurement of how much traffic in a given DMA comes from a particular IP point of presence; staff acknowledged that such measurement may be impossible due to the nature of how the Internet works, but asked for confirmation. Comcast has supplemented its initial response with the requested information.
- **Request 80** – Staff requested that Comcast provide a timeline for when transaction-related efficiencies, savings, new or improved products, and synergies will be generated and realized by Comcast. Comcast has supplemented its initial response with the requested information.

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- **Request 84(a)** – Staff requested that Comcast provide more specifics regarding the timetable for actions necessary to finalize various financial transactions related to the Time Warner Cable merger. Comcast has supplemented its initial response with the requested information.
- **Request 86** – Staff requested that Comcast confirm that no additional economic analyses exist beyond what Comcast has previously provided. Comcast has supplemented its initial response with the requested information.
- **Request 88(b)** – Staff requested that Comcast provide or indicate the location within Comcast’s initial responses of the referenced attachments. Comcast has supplemented its initial response with the requested information.
- **Request 89** – Staff requested various formatting revisions to and explanations of spreadsheet exhibits previously provided, and confirmation that all available data has been submitted. Comcast has provided revised versions of exhibits submitted with Comcast’s initial responses and has supplemented its initial response with additional information.

Comcast also provides herewith clarifications and additional information with respect to Requests 4 and 8 that Commission staff separately requested. With the submission of this letter and the attached materials, Comcast now has addressed the Request in full.

Comcast submits herewith one copy of the redacted, public version of this filing. The {{ }} symbols denote where Highly Confidential Information has been redacted and the [] symbols denote where Confidential Information has been redacted. A Highly Confidential version of this filing, which includes additional, Highly Confidential exhibits, has been submitted to the Office of the Secretary pursuant to the terms of the Modified Joint Protective Order in effect in this proceeding.⁴ The Confidential and Highly Confidential versions of this filing will be made available for inspection pursuant to the terms of the Modified Joint Protective Order.

If you have any questions or require further information, please do not hesitate to contact me.

Respectfully submitted,

/s/ Kathryn A. Zachem

Senior Vice President,
Regulatory and State Legislative Affairs
Comcast Corporation

⁴ *Applications of Comcast Corp. and Time Warner Cable Inc. for Consent to Assign or Transfer Control of Licenses and Authorizations*, Modified Joint Protective Order, MB Docket No. 14-57, DA 14-1464 (Oct. 7, 2014) (“Modified Joint Protective Order”); *see also Applications of Comcast Corp. and Time Warner Cable Inc. for Consent to Assign or Transfer Control of Licenses and Authorizations*, Order, MB Docket No. 14-57, DA 14-1463, ¶¶ 11-12 (Oct. 7, 2014).

- 12. State the name and address of each person that has entered or attempted to enter into, or exited from, the provision of each relevant service, from January 1, 2009, to the present. For each such person, identify the services it provides or provided; the area in which it provided the services, including whether the person has sold or distributed the relevant service in the United States; and the date of its entry into or exit from the market. For each entrant, state whether the entrant built a new facility, converted assets previously used for another purpose (identifying that purpose), or began using facilities that were already being used for the same purpose.**

REVISED RESPONSE:

This response replaces Comcast's initial response and includes more information regarding geographic scope and entry as requested by the FCC. This response to Request 12 represents the view of Comcast, as is the case with all of Comcast's responses to the FCC's Information and Data Request, unless otherwise noted.

Information and data responsive to this request have been provided in machine-readable Excel spreadsheet format as Exhibit 12.

Comcast's response to this request is based on information obtained through reasonable inquiry of knowledgeable employees of the company and from publicly available sources, but does not provide a comprehensive list of all entrants since 2009 in each relevant service. Although Comcast believes the sources on which its response is based to be generally reliable, it cannot fully verify the reliability of information obtained from third-party sources, many of which are self-reported.¹

Comcast identifies the following companies that have entered or exited the provision of CDN service since 2009: Apple, Inc., Cotendo, Fastly, MaxCDN, Telestra, Deutsche Telekom, Telecom Italia, Level 3, British Telecom, AT&T, KDDI, TATA, CenturyLink, Orange, Telefonica, and Verizon. These companies are listed in Exhibit 12.² In general, CDNs face low entry barriers. Most major ISPs offer commercial CDN services along with Internet backbone services such as IP transit. Some ISPs partner with equipment vendors like Cisco, some partner with CDNs like Akamai, while others use their own technology. Comcast's IP CDN was [[]].

¹ Exhibit 12 does not include information that is already provided regarding Comcast-owned programming networks to the extent such information is already provided in response to Request 18.

² Comcast also refers the FCC to www.cdnlist.com, which provides an updated list of commercial CDN providers, including telecom or carrier-based CDN providers, and CDN-related vendor acquisitions and closures.

With respect to the geographic areas in which the entrants listed in Exhibit 12 provide service, CDN services are available on a nationwide basis. Comcast is unaware of any attempt to enter the provision of CDN service aside from the entrants mentioned herein and in Exhibit 12.

MVPD services provided by DBS providers are available on a nationwide basis, and the availability of other providers varies depending on the geographic reach of the cable systems deployed by cable operators and telephone companies that provide MVPD services. Information with respect to this geographic reach has been provided in Comcast's response to Request 2 above. Comcast is unaware of any attempt to enter the provision of MVPD service aside from the entrants mentioned herein and in Exhibit 12.

OVD services and other edge services are generally available on a nationwide basis to households that have access to the Internet. Comcast is unaware of any attempt to enter the provision of OVD and Internet Edge services aside from the entrants mentioned herein and in Exhibit 12.

Video programming services are generally available on a nationwide basis; the availability of certain specific video programming services may be regional or local (e.g., regional sports or local news networks). Comcast does not track whether any video programming service has attempted to enter the market and subsequently failed to do so. While Comcast does not reach an agreement with all video programmers that seek carriage, a video programming service that Comcast has not yet decided to carry may well be carried by or in the process of exploring carriage on other MVPDs (for example, Comcast is aware of ongoing efforts by the Back9Network to seek carriage from other MVPDs). A video programming distributor may also attempt entry through an OVD: YouTube, for example, is beginning to offer streaming online networks; a programming service might also decide to enter the market as a standalone OVD entrant such as The Blaze. Finally, a video programming service that has not garnered potential interest from MVPDs might repurpose itself (i.e., choose new content and new branding) and try again. Given the multitude of paths to gaining entry for a video programming service, it is difficult to determine whether any potential entrant has actually "failed" to enter in some manner.

Internet access service provided by mobile wireless or satellite providers are generally available on a nationwide basis, and the availability of other providers varies depending on the geographic reach of the cable and telephone company systems that provide these services. Comcast is unaware of any attempt to enter the provision of Internet access service aside from the entrants mentioned herein and in Exhibit 12.

Internet backbone services are generally available on a nationwide basis. Comcast is unaware of any attempt to enter the provision of Internet backbone service aside from the entrants mentioned herein and in Exhibit 12.

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Comcast generally does not maintain information concerning the facilities used by the entities listed in Exhibit 12.

or information, including many of the potential new entrants in video programming, could potentially be viewed as offering a substitute service.

C. Internet Access Services

1. Subscribers

Internet access services are currently provided by a variety of companies, including cable system operators, telephone companies, satellite companies, and mobile wireless providers. The availability of high-speed Internet access from multiple providers across the United States has increased significantly in recent years, and numerous companies are providing broadband Internet access services across a range of technological platforms.³¹

Telephone companies provide fiber-to-the-premises services to a growing number of American households and are upgrading their DSL-based services, in many cases by building fiber-to-the-node, to offer faster speeds across the country. Today, CenturyLink offers DSL speeds up to 40 Mbps, AT&T offers speeds up to 45Mbps, Verizon offers speeds up to 15 Mbps, and Frontier offers speeds up to 25 Mbps.³²

CenturyLink has introduced 1 Gbps fiber-to-the-premises service to business and residential customers in 16 cities, including Denver, Seattle, and Minneapolis-St. Paul.³³ CenturyLink also continues to invest in DSL upgrades including VDSL2 and pair bonding to improve broadband speeds across its footprint.³⁴ Overall, telephone companies appear well-positioned to offer highly competitive broadband speeds well into the future.³⁵

³¹ See Comcast Corp. and Time Warner Cable Inc., Applications and Public Interest Statement, MB Docket No. 14-57, at 42-56 (Apr. 8, 2014) (“Public Interest Statement”).

³² See Letter from Lynn R. Charytan, SVP, Legal Regulatory Affairs and Senior Deputy General Counsel, Comcast Corp., to Marlene H. Dortch, Secretary, FCC, MB Docket No. 10-56, Ex. A, Pt. 3, at 10 (Feb. 21, 2014) (detailing competitive standalone broadband options in Comcast’s top 30 markets).

³³ Press Release, CenturyLink, Inc., CenturyLink expands its gigabit service to 16 cities, delivering broadband speeds up to 1 gigabit per second (Aug. 5, 2014), <http://news.centurylink.com/news/centurylink-expands-its-gigabit-service-to-16-cities-delivering-broadband-speeds-up-to-1-gigabit-per-second>.

³⁴ See, e.g., Glen F. Post, President and CEO, CenturyLink, Inc., Q4 2013 Earnings Call, Tr. at 5 (Feb. 12, 2014) (“We have utilized and continued to utilize a balanced capital investment approach, including gigabit fiber, VDSL2, and pair bonding deployments to efficiently enable higher speeds, enhanced services to consumers and businesses in our markets”).

³⁵ Robert W. Starr, Treasurer & SVP, Frontier Commc’ns Corp., Goldman Sachs TMT Leveraged Finance Conference, Tr. at 5 (Mar. 19, 2014) (noting Frontier is “compet[ing] against [cable] today on the residential and on the small business side and we’re taking share away from them on the residential side [W]e think that our opportunit[y] against the cable companies continue to be a very good one”).

Cable overbuilders, new entrants like Google fiber, municipal providers, fixed wireless providers, and satellite broadband providers also are competing vigorously. And well-capitalized and aggressive nationwide mobile broadband providers now offer services that provide speeds comparable to many of the fixed broadband services that consumers purchase.³⁶

Broadband providers are racing to give consumers access to the Internet content and applications that they demand. For example, in 2010, AT&T offered only traditional ADSL service to the significant majority of the 76 million households in its wireline footprint³⁷ and had announced no plans to upgrade its network in these areas. Today, AT&T is well into the process of deploying a mix of fiber-to-the-premises, fiber-to-the-node, IP-DSLAM, and fixed wireless broadband technologies to as many as 70 million customer locations.³⁸ Google, CenturyLink, Cox, and others have also announced ambitious plans to roll out fiber-to-the-premises networks and have begun to set these plans into motion.³⁹

Notably, in 2010, none of the four nationwide mobile broadband providers had even begun to deploy LTE networks until Verizon began its deployment in December of that year.⁴⁰ Now, all four major wireless providers operate LTE

³⁶ See *Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996, as Amended by the Broadband Data Improvement Act*, Eighth Broadband Progress Report, 27 FCC Rcd 10342 ¶ 6 (2012) (noting that mobile providers are “deploying new, faster, and more spectrally efficient mobile network technologies, most notably Long Term Evolution (LTE), which offers advertised download speeds as high as 5-12 Mbps”).

³⁷ Press Release, AT&T Inc., AT&T Reports Record 2.8 Million Wireless Net Adds, Strong U-verse Sales, Continued Revenue Gains in the Fourth Quarter (Jan. 27, 2011), <http://www.att.com/gen/press-room?pid=18952&cdvn=news&newsarticleid=31519&mapcode=financial> (indicating that U-Verse passed 27 million of the living units in AT&T’s footprint in Q4 2010).

³⁸ See Press Release, AT&T Inc., AT&T to Acquire DIRECTV (May 18, 2014), http://about.att.com/story/att_to_acquire_directv.html (“AT&T/DirectV Press Release”).

³⁹ See Milo Medin, VP, Google Access Services, *Exploring New Cities for Google Fiber*, Google Fiber Blog (Feb. 19, 2014), <http://googlefiberblog.blogspot.com/2014/02/exploring-new-cities-for-google-fiber.html>; Press Release, CenturyLink, Inc., CenturyLink Brings 1 Gigabit Fiber Service to Las Vegas (Oct. 9, 2013), <http://news.centurylink.com/news/centurylink-brings-1-gigabit-fiber-service-to-las-vegas-2598362>; Press Release, Cox Commc’ns, Cox Communications Kicks Off Plan to Offer Residential Gigabit Speeds (May 22, 2014), <http://cox.mediaroom.com/index.php?s=43&item=753>.

⁴⁰ *Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993; Annual Report and Analysis of Competitive Market Conditions with Respect to Mobile Wireless, Including Commercial Mobile Services*, Fifteenth Report, 26 FCC Rcd 9664 ¶¶ 108-14 (2011) (describing the four nationwide mobile broadband providers’ initial efforts to test and deploy LTE services); see also Press Release, Verizon Wireless, Blazingly Fast: Verizon Wireless Launches the World’s Largest 4G LTE Wireless Network on Sunday, Dec. 5 (Dec. 3, 2010), <http://www.verizonwireless.com/news/2010/12/pr2010-12-03.html> (touting Verizon’s LTE network, which launched in 38 cities in December 2010, as “the world’s largest”).

networks that collectively blanket the nation.⁴¹ And, the fastest mobile LTE network in the United States can achieve average download speeds close to 20 Mbps and peak speeds over 70 Mbps.⁴²

These competitive developments are reflected in the FCC’s Form 477 data. The tables below illustrate broadband competition at the 10 Mbps threshold. The most recently released round of this data is from June 2013 and thus does not account for significant additional progress that has been made in the past year, but even the June 2013 data reveal a significant increase in competition since the FCC’s previous review:

Number of Fixed Broadband Providers ⁴³	% of Households as of December 31, 2009	% of Households in June 2013
At Least 3	2%	54%
At Least 2	22%	92%
At Least 1	80%	99%

⁴¹ See The Verizon Wireless 4G LTE Network, Verizon Wireless, <http://www.verizonwireless.com/news/LTE/Overview.html> (last visited Sept. 10, 2014); *About Our Network*, AT&T, <http://about.att.com/news/wireless-network.html> (last visited Sept. 10, 2014); Press Release, Sprint Corp., 4G LTE Launched Markets (Sept. 9, 2014), <http://newsroom.sprint.com/news-releases/4glte-launchedmarkets.htm>; T-Mobile 4G LTE, T-Mobile, <http://t-mobile-coverage.t-mobile.com/4gcitylist.aspx> (last visited Sept. 10, 2014). According to NTIA data, 97.3 percent of households in the United States have access to a mobile wireless provider offering downstream speed of at least 10 Mbps. See Mark A. Israel, Implications of the Comcast/Time Warner Cable Transaction for Broadband Competition ¶ 62 (Apr. 8, 2014), Exhibit 6, Applications and Public Interest Statement, MB Docket No. 14-57 (“Israel Decl.”). The FCC recently noted in its Open Internet NPRM that LTE subscriptions grew by a factor of nearly 500 during this period, see *Protecting and Promoting the Open Internet*, Notice of Proposed Rulemaking, 29 FCC Rcd 5561, ¶ 48 n.110 (May 15, 2014), and SNL Kagan predicts that there will be 224 million unique 4G subscriptions in the United States by 2018, see SNL Kagan, *Covered Pops & Subscribers by Technology in U.S. Wireless* (July 2013). Mobile broadband’s share of the Internet ecosystem is rapidly growing; mobile data traffic is projected to grow three times faster than fixed IP data traffic between 2013 and 2018. See *Visual Networking Index: Forecast and Methodology, 2013-2018*, Cisco (June 10, 2014), http://www.cisco.com/c/en/us/solutions/collateral/service-provider/ip-nbn-ip-next-generation-network/white_paper_c11-481360.html.

⁴² See Israel Decl. ¶ 61.

⁴³ This chart displays the number of households located in census tracts where fixed broadband providers reported offering broadband Internet access service speeds of at least 10 Mbps downstream and 1.5 Mbps upstream. See FCC, *Internet Access Services: Status as of December 31, 2009* (WCB Dec. 2010), 7 & fig. 3(a), available at http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-303405A1.pdf; *Internet Access Services: Status as of June 30, 2013*, Ind. Analysis & Tech. Division, Wireline Competition Bureau, FCC, (June 2014), at 9 & fig. 5(a), available at http://transition.fcc.gov/Daily_Releases/Daily_Business/2014/db0625/DOC-327829A1.pdf (“June 2013 IAS Report”).

Furthermore, when accounting for mobile broadband providers the data show that competition is even more vibrant:

Number of Fixed or Mobile Broadband Providers ⁴⁴	% of Households in December 2009	% of Households in June 2013
At Least 3	2%	91%
At Least 2	22%	98%
At Least 1	80%	99%

Chairman Wheeler recently stressed the importance of targeting ever-higher broadband speeds in order to meet increasing consumer demand.⁴⁵ Although many online activities do not require higher speeds, the demand from consumers noted by Chairman Wheeler illustrates the strong incentives that broadband providers have to upgrade and deploy increasingly better technology, and improve and expand their offerings. Thus it is not surprising that various mobile and fixed broadband providers have undertaken significant investments in recent years and are likely to continue to do so.

Moreover, municipal governments also have begun offering Internet access service to local residents.⁴⁶ For example, Santa Cruz County recently announced a plan to build out Internet infrastructure to extend broadband service.⁴⁷ Indeed,

⁴⁴ This chart displays the number of households located in census tracts where fixed broadband providers reported offering broadband Internet access service speeds of at least 10 Mbps downstream and 1.5 Mbps upstream or mobile broadband providers reported operating a network capable of such speeds. See Internet Access Services: Status as of December 31, 2009, Ind. Analysis & Tech. Division, Wireline Competition Bureau, FCC, (Dec. 2010), at 8 & fig. 3(b), available at http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-303405A1.pdf; June 2013 IAS Report at 10 & fig. 5(b).

⁴⁵ Remarks of Chairman Tom Wheeler, FCC, “The Facts and Future of Broadband Competition,” 1776 Headquarters, Washington, D.C. (Sept. 4, 2014), <http://www.fcc.gov/document/chairman-remarks-facts-and-future-broadband-competition>.

⁴⁶ See Edward Wyatt, *Fast Internet is Chattanooga’s New Locomotive*, N.Y. Times, Feb. 3, 2014, http://www.nytimes.com/2014/02/04/technology/fast-internet-service-speeds-business-development-in-chattanooga.html?_r=0 (describing Chattanooga, Tennessee’s taxpayer-owned fiber optic network).

⁴⁷ Jason Hoppin, *Santa Cruz County to get new Internet backbone*, Santa Cruz Sentinel, Apr. 11, 2014, http://www.santacruzsentinel.com/news/ci_25549462/santa-cruz-county-get-new-internet-backbone.

as of May 2013, there were approximately 135 municipal fiber-optic networks in the United States.⁴⁸

Potential new entrants into the provision of Internet access services may include telephone companies, technology companies, cable overbuilders, wireless companies, or more government municipalities. DISH Network also has begun trials partnering with wireless providers such as Sprint to provide fixed wireless services.⁴⁹ In recent trials, DISH and Sprint achieved download speeds of 200 Mbps.⁵⁰ And, as innovations in wireless technology lead to faster speeds and greater capacity,⁵¹ other wireless options are likely to emerge and begin offering high speed fixed and mobile broadband products. Indeed, the price per gigabyte of transmitting data over mobile wireless networks is likely to continue decreasing as available spectrum and spectral efficiency both increase.⁵² These reductions in cost will likely cause reductions in prices for consumers and greater usage of mobile wireless broadband.⁵³

Like the costs of entry, which are discussed in greater detail in response to Request 15, the time required for entry as an Internet access service provider is variable and cannot be predicted in the abstract. A new Internet access service provider would need to build or purchase a physical infrastructure; enter into interconnection relationships with other ISPs, CDNs, and content providers; and meet often substantial regulatory requirements, in addition to marketing the product. The timing of each of these requirements is variable depending on factors such as the scope of entry or the manner of entry (e.g., building new infrastructure versus purchasing existing systems). In particular, the amount of time required to build physical infrastructure may vary widely depending on how much the new entrant intends to spend on construction (since the time required for a project is generally inversely proportional to the cost).

⁴⁸ Masha Zager, *Number of Municipal FTTP Networks Climbs to 135*, Broadband Communities, May/June 2013, <http://www.bbpmag.com/Features/0513feature-MuniCensus.php>.

⁴⁹ Press Release, Sprint Corp., Sprint and DISH to Trial Fixed Wireless Broadband Service (Dec. 17, 2013), <http://newsroom.sprint.com/news-releases/sprint-and-dish-to-trial-fixed-wireless-broadband-service.htm>.

⁵⁰ Sarah Reedy, *Son: Dish Could be Sprint's Great Ally*, LightReading, Mar. 27, 2014, <http://www.lightreading.com/mobile/4g-lte/son-dish-could-be-sprints-greatally/d/d-id/708408>.

⁵¹ See Sacha Segal, *Fastest Mobile Networks 2014*, PC Magazine, June 11, 2014, <http://www.pcmag.com/article2/0,2817,2459185,00.asp>.

⁵² See Israel Decl. ¶ 67.

⁵³ *Id.*

EXHIBIT 12

Exhibit 12

Entries to and Exits from Internet Traffic Exchange and CDN ^[1]			
Name and Address of Company	Services Provided	Date of Entry Into and, if Applicable, Exit From the Market	Service Area
Global Crossing	Transit and peering links, Virtual Private Network (VPN), Leased lines, Audio and Video conferencing, Long distance telephone, managed services, dialup, colocation and VoIP.	Exit: October 2011	National
Apple, Inc. 1 Infinite Loop Cupertino, CA 95014	CDN	Entry: 2014	National
Cotendo	CDN	Exit: 2011	National
Fastly PO Box 78266 San Francisco, CA 94107	CDN	Entry: 2011	National
MaxCDN 3575 Cahuenga Blvd. West Suite 330 Los Angeles, CA 90068	CDN	Entry: 2009	National
Telestra 500A Huntmar Park Drive Herndon, VA 20170	CDN	Entry: 2009	National
Deutsche Telekom Friedrich-Ebert-Allee 140 53113 Bonn Germany	CDN	Entry: 2009	National
Telecom Italia 622 3rd Ave New York, NY 10017	CDN	Entry: 2009	National
Level 3 1025 Eldorado Boulevard Broomfield, Colorado 80021	CDN	Entry: 2010	National
British Telecom 7301 N State Highway 161 Suite 400 Irving, TX 75039	CDN	Entry: 2010	National
AT&T (EdgeCast) 208 S. Akard Street Dallas, TX 75202	CDN	Entry: 2011	National
KDDI 825 Third Avenue, 3rd Floor New York, NY 10022	CDN	Entry: 2011	National
TATA 1700 North Moore St, Suite 1520 Arlington, VA 22209-1911	CDN	Entry: 2011	National
CenturyLink 100 CenturyLink Drive Monroe, Louisiana 7201	CDN	Entry: 2011	National
Orange S.A. 78 rue Olivier de Serres Paris 75015 France	CDN	Entry: 2012	National
Telefonica Ronda de la Comunicación, s/n, 28050 Madrid, Spain	CDN	Entry: 2012	National
Verizon 140 West Street New York, NY 10007	CDN	Entry: 2013	National

[1] Comcast also refers the FCC to www.cdnlist.com, which provides an updated list of commercial CDN providers, including telecom or carrier-based CDN providers, and CDN-related vendor acquisitions and closures.

Exhibit 12

Entries to and Exits from Internet Access Service		
Name and Address of Company	Date of Entry Into and, if Applicable, Exit From the Market	Service Area ^[1]
Google Fiber 1600 Amphitheatre Parkway Mountain View, CA 94043	Entry: 2011	Kansas City, MO; Austin, TX; Provo, UT
Qwest	Exit: 2011	
Towerstream Corp. Tech IV 88 Silva Lane Middletown, RI 02842	Entry: 2010	Boston, MA; Chicago; IL; Dallas, TX; Houston; TX; Los Angeles, CA; Miami, FL; New York, NY; San Francisco, CA; Seattle, WA; Philadelphia, PA; Nashville, TN; Las Vegas, NV; Reno, NV; Providence, RI
Leap Wireless International, Inc.	Exit: 2014	Nationwide
Clearwire Corporation	Exit: 2013	Various areas within the following states: California; Colorado; Connecticut; Delaware; Florida; Georgia; Hawaii; Idaho; Illinois; Kansas; Maryland; Massachusetts; Michigan; Minnesota; Missouri; Nevada; New Jersey; New York; North Carolina; Ohio; Oregon; Pennsylvania; Rhode Island; Tennessee; Texas; Utah; Virginia; and Washington
Insight Communications	Exit: August 2011	Various areas within the following states: Indiana; Kentucky; and Ohio
Knology Inc.	Exit: April 2012	Various areas within the following states: Alabama; Georgia; Florida; Iowa; Kansas; Minnesota; South Carolina; South Dakota; and Tennessee

[1] Company's footprint within each listed area may not reach all homes within that area.

Exhibit SMB-25

Q-3:64. Using the updated attached Broadband Services spreadsheet template, please identify, separately for each Census Block where Your broadband service is available in California, the number of households subscribed by speed tier (upload and download speeds). Please clearly identify each speed tier and add any additional columns as necessary.

Objection:

Comcast objects to this request to the extent it seeks the production of information that is not in Comcast's possession, and is not normally generated or retained by the company. Further, the company also objects to this request on the grounds that the request is unduly burdensome and overbroad.

Subject to the foregoing objections, Comcast responds as follows:

Response:

Comcast does not possess the requested information by census block. Comcast will submit speed tier subscription information by census tract with its FCC Form 477 filing. Comcast will produce to ORA the California-specific speed tier information as reported in its FCC Form 477 promptly after it is filed on October 1, 2014. For the total number of subscribers in California for each of Comcast's residential broadband services, and the speed tiers associated with those services, see Response to Q-1:8.

Sponsor: Warren Fitting, Director, Government and Regulatory Affairs

Exhibit SMB-26

Q-1:61. Given the diverse demographics of the California population, are there plans by the merged entity to maximize its potential customer base? Include plans and documents related to increasing and maximizing broadband subscribers in communities with low broadband penetration and subscribers, especially in inner city and rural areas of California.

Objection:

Comcast objects to this request to the extent it seeks the production of information that is not in Comcast's possession, and is not normally generated or retained by the company. The company also objects on the grounds that the request seeks information that is neither relevant to the issues in this proceeding, nor reasonably calculated to lead to the discovery of relevant or admissible evidence. Further, the company also objects to this request on the grounds that the request is vague, ambiguous, unduly burdensome and overbroad. Finally, Comcast also objects on the grounds that the request seeks information about "anticipated" facts or circumstances which may arise in the future, and which would require the company to create a document not in existence.

Subject to the foregoing objections, Comcast responds as follows:

Response:

As explained in response to NAAC 1-9, Comcast has a business unit that focuses on the product and service preferences of Comcast's minority customers, and engages in several different initiatives focused on large minority segments, such as the Hispanic and Asian communities. These initiatives include in-language interviews, including in Spanish, Tagalog and Mandarin, and analyses of interest in long distance and other related services. The business unit performs analysis to determine the importance to its minority customers of various product features and service plans. Comcast uses that analysis to deliver packages of its services that are most preferred by the respective communities and to determine the best marketing strategies to ensure it reaches the respective customer segments. Such analysis includes preferences of South Asian, Filipino, Chinese and Korean consumers. Comcast also purchases third party analysis to enable Comcast to meet the preferences of minority consumers.

Further, the proposed transaction will enable Comcast to do more to help close the digital divide and encourage broadband adoption by expanding Comcast's *Internet Essentials* program to the acquired territories. Launched in 2011, *Internet Essentials* is the nation's largest and most comprehensive broadband adoption program. *Internet Essentials* offers qualified low-income families: low-cost broadband service for \$9.95 per month; the option to purchase an Internet ready computer for less than \$150; and multiple options to access free digital literacy training in print, online and in person. There are no activation fees and no equipment rental fees. Post-transaction, qualified customers in the TWC service area will be eligible for *Internet Essentials* service. *Internet Essentials* is a national program that is uniform across Comcast's service areas, and thus Comcast has not considered specific modifications to the program based on California's demographics. However, the program involves significant community outreach and partnering

with community organizations, and efforts are made to reach out to potential customers from various demographic groups. For information on Comcast's outreach efforts to make new customers aware of the *Internet Essentials* program, including Comcast's bilingual PSA campaign, see Comcast's Response to ORA 3:10.

Sponsors:

Michael Kelman, Vice President, Competitive and Business Analytics
Angel Arocho, Senior Director, Product Management

Redacted Confidential Exhibit SMB-27

A.14-04-013 / A.14-06-012
Response of Time Warner Cable

Data Request No.: Data Request 1 of the California Emerging Technology Fund

To: California Emerging Technology Fund

Date of Request: September 30, 2014

Question 1:

Provide by school district and zip code the number of accounts enrolled in the company's Connect2Compete program piloted in the state of California as of June 30, 2014, and at each anniversary date of the program since inception.

Response to Question 1:

TWC objects to this request on the grounds that it seeks information not in TWC's possession or control. TWC does not record the number of accounts enrolled in the Connect2Compete program by school district and zip code.

Subject to the foregoing, TWC responds as follows:

The initial enrollment period for TWC Connect2Compete-related service offering in California commenced on October 1, 2012 and concluded on January 31, 2013. As of January 31, 2013, [REDACTED] customers had subscribed in the Los Angeles area, and [REDACTED] customers had subscribed in the San Diego area.

As of June 30, 2014, TWC's Connect2-Compete-related service offering has [REDACTED] subscribers in the Los Angeles area and [REDACTED] subscribers in the San Diego area.

Exhibit SMB-28

A.14-04-013 / A.14-06-012
Response of Time Warner Cable

Data Request No.: Data Request 1 of the California Emerging Technology Fund

To: California Emerging Technology Fund

Date of Request: September 30, 2014

Question 4:

Provide the amount of TWC funds granted to California community-based organizations specifically to assist with signing up eligible customers for the Connect2Compete program and the total number of households signed up by these organizations.

Response to Question 4:

No TWC funds were granted to any California community-based organizations in relation to the Connect2Compete program.

Redacted Confidential Exhibit SMB-29

A.14-04-013 / A.14-06-012
Response of Time Warner Cable

Data Request No.: Data Request 1 of the California Emerging Technology Fund

To: California Emerging Technology Fund

Date of Request: September 30, 2014

Question 5:

Provide the TWC advertising budget (cash and in-kind) for the C2C program in the State of California and the nation for each year of the program to date as well as by month and media market.

Response to Question 5:

TWC engaged in a national Connect2Compete advertising campaign during the initial enrollment period of October 1, 2012 to January 31, 2013. The national budget for that campaign was [REDACTED] and the pro-rated amount attributable to California was [REDACTED]

Exhibit SMB-30

A.14-04-013 / A.14-06-012
Response of Time Warner Cable

Data Request No.: Data Request 1 of the California Emerging Technology Fund

To: California Emerging Technology Fund

Date of Request: September 30, 2014

Question 2:

Provide by zip code the number of accounts enrolled in the \$14.99 offer and specific the speeds that accompany this product.

Response to Question 2:

TWC objects to this response on the grounds that it is vague and ambiguous. TWC does not have a \$14.99 per month offer; it has a \$9.95 per month offer.

Subject to the foregoing, TWC responds as follows:

See Response to Question 1. TWC's Connect2Compete-related service offering is priced at \$9.95 per month for a two-year term, instead of \$14.99. TWC offered the \$9.95/month Internet service at 1 Mbps upload and 1 Mbps download speeds.

Redacted Confidential Exhibit SMB-31

Q-3:12. Where Comcast Broadband Services is available in California, list the total number of households currently eligible for Internet Essentials.

Objection:

Comcast objects to this request on the grounds that it seeks highly confidential information that is neither relevant to the issues in this proceeding, nor reasonably calculated to lead to the discovery of relevant or admissible evidence. The company further objects on the grounds that the request exceeds the established scope of the proceeding.

Subject to the foregoing objections, Comcast responds as follows:

Response:

REDACTED

As of June 2014, there were an estimated **[BEGIN CONFIDENTIAL]** [REDACTED] **[END CONFIDENTIAL]** eligible households in Comcast's California service footprint.

Sponsor: Angel Arocho, Senior Director, Product Management

Redacted Confidential Exhibit SMB-32

Q-3:16. List the number of households currently subscribed to Internet Essentials in California.

Objection:

Comcast objects to this request on the grounds that it seeks highly confidential information that is neither relevant to the issues in this proceeding, nor reasonably calculated to lead to the discovery of relevant or admissible evidence. The company further objects on the grounds that the request exceeds the established scope of the proceeding.

Subject to the foregoing objections, Comcast responds as follows:

Response:

REDACTED

As of June 28, 2014, *Internet Essentials* connects in California totaled [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] households – a number that represents more than [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] California children and their families.

Sponsor: Angel Arocho, Senior Director, Product Management

Exhibit SMB-33

Q-1:8. For Comcast's top ten largest footprints in the United States (as measured by households passed), and separately by each of those footprints (identified by geographic name), provide the quantities of IE:
a. Eligible households; and
b. Participating households.

Objection:

Comcast objects to this request on the grounds that it seeks information that is neither relevant to the issues in this proceeding, nor reasonably calculated to lead to the discovery of relevant or admissible evidence. The company further objects on the grounds that the request exceeds the established scope of the proceeding, including with respect to *Internet Essentials* activities outside of California. Comcast further objects to this request on the grounds that the request is overbroad.

Subject to the foregoing objections, Comcast responds as follows:

Response:

See Comcast's Response to the Office of Ratepayer Advocates' Third Set of Data Requests ("ORA 3:") at 15 for the California-specific totals.

Sponsor: Angel Arocho, Senior Director, Product Management

Exhibit SMB-34

Q-3:8. Describe Your assessment of Internet Essential's existing shortfalls in California, including enhancements needed.

Objection:

Comcast objects to this request on the grounds that it seeks information that is neither relevant to the issues in this proceeding, nor reasonably calculated to lead to the discovery of relevant or admissible evidence. The company further objects on the grounds that the request exceeds the established scope of the proceeding.

Subject to the foregoing objections, Comcast responds as follows:

Response:

Comcast has not identified any shortfalls of *Internet Essentials* in California.

Sponsor: Angel Arocho, Senior Director, Product Management

Exhibit SMB-35

Q-1:3. Has any third party evaluated the IE program nationwide and in California since January 1, 2012? If so, please provide copies of such evaluations and indicate the name(s) of such third parties.

Objection:

Comcast objects to this request on the grounds that it seeks information that is neither relevant to the issues in this proceeding, nor reasonably calculated to lead to the discovery of relevant or admissible evidence. The company further objects on the grounds that the request exceeds the established scope of the proceeding.

Subject to the foregoing objections, Comcast responds as follows:

Response:

Comcast commissioned a study of *Internet Essentials* customers from an independent communications and technology policy consultant, Dr. John B. Horrigan, who is head of research for the FCC's National Broadband Plan and a former research director with Pew Research Center's Internet and American Life Project. The study was released in March 2014, and reflects that the service is widely used by participants to do school work; that home users report it helps "a lot"; and that in addition to schools, participation by institutions such as libraries, banks, government agencies, and employers, plays an important role in increasing broadband adoption and utilization. *See* John B. Horrigan, Ph.D., *The Essentials of Connectivity: Comcast's Internet Essentials Program and a Playbook for Expanding Broadband Adoption and Use in America* (Mar. 2014) ("Horrigan"). The full research report of Dr. Horrigan's findings is attached hereto as Exhibit TURN/Comcast R-1:3 and available online at <http://corporate.comcast.com/news-information/news-feed/internet-essentials-2014>.

Sponsor: Karima Zedan, Director, Internet Essentials

Exhibit SMB-36

- Q-1:12. Within the last three years, were any studies or surveys prepared by or on behalf of Comcast regarding barriers to wireline broadband adoption that relate to the following (if so, please provide all such studies and surveys):**
- a. age;**
 - b. income;**
 - c. education;**
 - d. urban vs. rural location;**
 - e. gender; or**
 - f. race.**

Objection:

Comcast objects to this request on the grounds that it seeks information that is neither relevant to the issues in this proceeding, nor reasonably calculated to lead to the discovery of relevant or admissible evidence. The company further objects on the grounds that the request exceeds the established scope of the proceeding.

Subject to the foregoing objections, Comcast responds as follows:

Response:

Comcast commissioned a study of *Internet Essentials* customers from an independent communications and technology policy consultant, Dr. John B. Horrigan, who is the head of research for the FCC's National Broadband Plan and a former research director with Pew Research Center's Internet and American Life Project. The study was released in March 2014. See John B. Horrigan, Ph.D., *The Essentials of Connectivity: Comcast's Internet Essentials Program and a Playbook for Expanding Broadband Adoption and Use in America* (Mar. 2014) ("Horrigan").³ The Horrigan report included a demographic overview which revealed that the population of *Internet Essentials* customers is relatively poorer, more Latino, more female, and more educated than the population at-large without broadband at home. Horrigan at 15.

Sponsor: Karima Zedan, Director, Internet Essentials

³ The full research report of Dr. Horrigan's findings is attached hereto Exhibit TURN/Comcast R-1:3 and available online at <http://corporate.comcast.com/news-information/news-feed/internet-essentials-2014>.

Exhibit SMB-37

Q-1:14. See Comcast's response to ORA 3-9. What are Comcast's IE goals (e.g., participation levels, outreach modes, speed of broadband offered) for California for its current footprint:
a. 2015;
b. 2016; and
c. 2017.

Objection:

Comcast objects to this request on the grounds that it seeks information that is neither relevant to the issues in this proceeding, nor reasonably calculated to lead to the discovery of relevant or admissible evidence. The company further objects on the grounds that the request exceeds the established scope of the proceeding.

Subject to the foregoing objections, Comcast responds as follows:

Response:

The program's singular goal is to continue closing the digital divide by offering the most comprehensive broadband adoption program in the country.

Sponsor: Karima Zedan, Director, Internet Essentials

Exhibit SMB-38



Comcast Corporation
300 New Jersey Avenue, NW
Suite 700
Washington, DC 20001
202.379.7121

REDACTED – FOR PUBLIC INSPECTION

September 11, 2014

VIA ELECTRONIC FILING

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20544

**Re: Applications of Comcast Corporation, Time Warner Cable Inc.,
Charter Communications, Inc., and SpinCo for Consent to Assign Licenses
or Transfer Control of Licenses, MB Docket No. 14-57
REDACTED – FOR PUBLIC INSPECTION**

Dear Ms. Dortch:

Pursuant to the Commission's August 21, 2014 letter,¹ Comcast Corporation ("Comcast") hereby submits its responses to the Commission's August 21, 2014 Information and Data Request (the "Request").² The narrative answers and data submissions respond to the Request as clarified by previously disclosed discussions between representatives of Comcast and the Commission. Based on these discussions, Commission staff and Comcast agreed to certain modifications and understandings of the Request and accompanying Instructions, subject to the Commission's ability to request additional information as it may deem necessary. These modifications and understandings are reflected in the pertinent responses and also include the following:

1. Unless otherwise specified, the relevant time period of the documents that will be submitted in response to the Request extends back to January 1, 2012, instead of January 1, 2009 as indicated in Instruction No. 1.
2. Instruction No. 12 is modified to reflect that Comcast may assign a single document control number on its privilege log for each document withheld on the basis of privilege.

¹ See Letter from William T. Lake, Chief, Media Bureau, to Kathryn A. Zachem, Comcast Corporation, MB Docket No. 14-57 (August 21, 2014).

² *Id.*

3. Instruction No. 13 is modified to reflect that Comcast is not required to identify the number(s) of the Request to which a document on Comcast's privilege log is responsive.
4. Instruction No. 14 is modified to defer the requirement that Comcast identify the anticipated litigation or trial upon which an assertion of attorney work product is based. In addition, Instruction No. 14 is modified to defer the requirement that Comcast produce a copy of its privilege log in hardcopy form.
5. The Metadata Table of Requested Fields is modified to defer the requirement that Comcast identify the number(s) of the Request to which a document is responsive. In addition, the Metadata Table is modified to reflect that Comcast is not required to produce the FOLDERLABEL or FILEPATH metadata values for duplicate custodians. Comcast will provide those metadata values for the primary custodian of the document.
6. Request No. 3 is modified to reflect that the Commission will accept predominant rate cards for each sub-region in lieu of listing and describing each tier of MVPD, Internet, and voice service, including pricing and Internet speeds.
7. Request No. 4(o) is modified to reflect that Comcast is not required to provide "other variable costs" beyond what it will provide in response to Request Nos. 4(k), 4(l), and 4(m).
8. Request No. 4(p) is modified to reflect that Comcast will provide the Commission with presentations regarding customer lifetime value ("CLV") created periodically by various business units within Comcast.
9. Request Nos. 8, 56, and 89 are modified to reflect that Comcast will provide information and data for its current cable systems only, including the systems that will be assigned or transferred to SpinCo.
10. Request Nos. 18, 19, 26-28, and 36-38 are modified to reflect that the Commission will accept data on an annual basis rather than a monthly basis. These requests are also modified to reflect that Comcast is only required to provide data separately with respect to the top 25 MVPDs by subscribers and will aggregate an "other" figure for subscribers from the remaining MVPDs.
11. Request No. 21 is modified to exclude instances where an MVPD has merely "discussed" raising a program access complaint.
12. Request Nos. 22 and 33 are modified to defer the obligation to "identify and describe" the agreements that are the subject of each respective request. Comcast will identify the production numbers where its programming agreements can be located within the document production. Comcast will further provide a general description of its contracting practices in response to the Requests.
13. Request No. 28(f) is modified to limit the list of MVPDs that do not carry a particular regional sports network ("RSN") to the top 25 MVPDs by subscribers and to defer the requirement that Comcast identify a particular reason why any given MVPD does not distribution an RSN.

14. Request No. 26 is modified to clarify that it is limited to “marquee sports.”
15. Request Nos. 29(d) and 70 are modified to be limited to substantive negotiations that resulted in an exchange of draft agreements, but where the parties failed to reach an agreement.
16. Request No. 31 is modified to defer the requirement to identify separately the information requested in subparts (a) through (e). The Commission has agreed to accept a list of networks for which Comcast has received requests for carriage and a list of networks that Comcast has launched. For each of the launched networks, Comcast will provide the network name, initial launch date, genre, tier, and reason for launch.
17. Request No. 53 is modified to exclude instances where an OVD has merely “discussed” raising rights to programming under the Comcast-NBCU Order or the Final Judgment entered in *U.S. v. Comcast Corp. and NBC Universal, Inc.*, Civ Action No. 1:11-cv-00106 (D.D.C. 2011).
18. Request No. 89 is modified to reflect that Comcast will provide the inbound traffic at the 95th percentile, the outbound traffic at the 95th percentile, and capacity for each counterparty. The Commission defers its request for total inbound traffic and total outbound traffic for each counterparty and its request to identify the applicable contracts and contract start and end dates for each counterparty.
19. In certain limited instances, work is ongoing on certain responses and data submissions. These materials will be submitted shortly. The written response notes where that is the case.
20. Finally, the remaining documents requested will be submitted shortly following adjustments to reflect ongoing discussions with Commission staff.

Comcast herewith submits one copy of the redacted, public version of this filing. The {{ }} symbols denote where Highly Confidential Information has been redacted, and the [[]] symbols denote where Confidential Information has been redacted. A Highly Confidential version of this filing has been submitted to the Office of the Secretary pursuant to the terms of the Joint Protective Order.³ The Confidential and Highly Confidential versions of this filing will be made available for inspection.

Comcast has made diligent efforts to ensure that none of the documents it is submitting herewith is privileged under the attorney-client privilege, the attorney work product doctrine, or any other applicable privilege or protection. To the extent that any privileged documents may have been inadvertently produced, such production does not constitute waiver of any applicable privilege. Comcast requests that any privileged documents inadvertently produced be returned to Comcast as soon as such inadvertent production is discovered by any party, and reserves all rights to seek the return of any such documents.

³ *In the Matter of Applications of Comcast Corp. and Time Warner Cable Inc. for Consent to Assign or Transfer Control of Licenses and Authorizations*, MB Docket No. 14-57, Joint Protective Order, 29 FCC Rcd. 3688 (2014) (“Joint Protective Order”).

Ms. Marlene H. Dortch
September 11, 2014
Page 4

If you have any questions or require further information, please do not hesitate to contact me.

Respectfully submitted,

/s/ Kathryn A. Zachem

Senior Vice President,
Regulatory and State Legislative Affairs
Comcast Corporation

88. Describe in detail the Company's plans to migrate subscribers acquired as a result of the proposed TWC transaction and the proposed divestiture transaction, including but not limited to:
- a. a projected timeline for the transition of all the acquired customers;
 - b. any plans for relevant services and devices necessary to access the services to be offered to the acquired subscribers, including but not limited to (1) a detailed description of the Company's plans to provide these subscribers with devices that may be used on the Company's network and any associated charges to an acquired customer who is required to acquire such a device, and (2) the service plans, bundled services and pricing to be offered to the acquired customers;
 - c. any plans for the acquired customers to retain their current service plans and if so, the length of time the acquired customers may remain enrolled under their existing service plans;
 - d. the features and services accessible from each device that will be offered to acquired customers;
 - e. any services or features that an acquired subscriber received from its previous provider that it will not be able to obtain from the Company after the consummation of the proposed TWC transaction and the proposed divestiture transactions, and plans to introduce that lost service or otherwise compensate the subscriber; and
 - f. all documents discussing customer migration and transition of the acquired customers to the Company.

RESPONSE:

88(a):

For purposes of this response, it is important to note that Comcast does not have full access to information regarding the composition or status of the systems it is acquiring from TWC and Charter. Therefore, the information contained herein is based solely on Comcast's preliminary discussions with TWC and Charter and Comcast's extensive experience upgrading cable systems and integrating them into the company.

It should be emphasized that the integration process remains quite fluid, as the parties are still in the process of exchanging and evaluating information to the degree possible given gun jumping and general antitrust concerns, and Comcast is continuing to learn about the systems, assets, and customers it will acquire. As such, the planning with respect to the migration of customers remains subject to change.

Comcast's plans to migrate customers to be acquired from TWC and Charter to provide them the Comcast customer experience are subject to a host of complex and inter-related technological, business, and legal issues. To name just one example, Comcast cannot transition TWC customers to all of Comcast's services until the market in question has been migrated to all-digital, so those customers can access and utilize all of Comcast's offerings; various other activities and processes, such as back-office support systems and operating support systems, among others, must be integrated as well. The responses below thus reflect information known to Comcast as of the date of this submission and are subject to change.

Based on the information Comcast has obtained so far, it projects that the acquired customers in all of the markets at issue will have access to all of Comcast's products and services within {{

}}.

Comcast expects to proceed with this customer migration on a market-by-market basis. Further, the migration may proceed within each market on a service-by-service basis. For instance, Comcast may be able to provide higher broadband speeds to customers in a particular market before it has fully deployed its video service in that market.

Comcast is coordinating with state public utility commissions and local franchising authorities, as appropriate, about the provision of notice to customers in connection with their migration, including in jurisdictions in which such notices are not legally required.

88(b):

Comcast expects to provide several types of devices to migrated customers, including set-top boxes compatible with the X1 platform, DOCSIS 3.0 modems capable of supporting Comcast's services (including with Wi-Fi capability), and high-definition ("HD") digital transport adapters ("DTAs"). As a general matter, plans with respect to pricing and services (including bundled services) are still being evaluated and considered by the company. However, there have been some specific conversations about pricing, and in particular, about transitioning TWC customers to Comcast equipment pricing as summarized in the attached documentation.

88(c):

Any such plans are still being evaluated and considered by Comcast.

88(d):

The devices that Comcast expects to provide to customers following their migration to Comcast are set forth above in response to subpart (b).

88(e):

Comcast continues to evaluate this issue and has yet to make any decisions. Comcast's plans in this respect depend in large part on information not presently within Comcast's possession or on matters outside of its control. {{

Finally, Comcast offers some features that as a functional matter are comparable to certain TWC-specific features – such as TWC's LookBack – {{

}}

88(f):

Documents responsive to this request will be produced to the FCC. In addition, material responsive to this request is provided as Exhibits 88.1-88.4.

Exhibit SMB-39

Q-1:33. How will acquired customers be informed of available service plans, bundled services and pricing to be offered post-merger?

Objection:

Comcast objects to this request on the grounds that it exceeds the established scope of the docket to the extent it is seeking information regarding any video/cable services, advertising services, or any other services outside of the scope of this proceeding. Comcast further objects to this request on the grounds that the request is vague, ambiguous, unduly burdensome and overbroad. Finally, Comcast also objects on the grounds that the request seeks information about “anticipated” facts or circumstances which may arise in the future.

Subject to the foregoing objections, Comcast responds as follows:

Response:

Comcast has not yet developed specific plans for transitioning TWC customers to Comcast's service tiers post-merger. Prior to making any changes to service plans, Comcast provides its customers with extensive notice, including, among other things, via bill and e-mail notifications.

Sponsor: Michael Kelman, Vice President, Competitive and Business Analytics

Exhibit SMB-40

Q-1:43. Have the privacy safeguards employed by Comcast ever been breached? If so, please describe these incidents and provide the type and amount of information lost.

Objection:

Comcast objects to this request on the grounds that it is not relevant to the issues in this proceeding, nor reasonably calculated to lead to the discovery of relevant or admissible evidence. The company further objects on the grounds that the request exceeds the established scope of the proceeding. Comcast also objects to this request on the grounds that it is vague, ambiguous, unduly burdensome, and overbroad.

Response:

Comcast has not experienced and is not aware of any breaches involving customer information similar in scope or scale to those reported in the media over the last year. However, despite our efforts described above in Q-1:42, there have been isolated incidents that have resulted from process, employee and third-party service provider failures to follow privacy safeguards. In one instance, there was a process error that led to an inadvertent publication of unlisted numbers of certain Comcast's customers. Comcast took immediate steps to fix the problem, to work with its vendor to remove all such listings, to investigate the period and extent of the inadvertent publication and to notify affected customers and provide them with refunds. Comcast also established a dedicated toll free number and worked with impacted customers who contacted the number to provide them with additional remedies tailored to meet their individual needs including free telephone number changes, additional service credits and reimbursements for home security systems. The error was acknowledged and voluntarily reported by Comcast to the CPUC. See Investigation on the Commission's Own Motion into the Operations, Practices, and Conduct of Comcast Phone of California, LLC (U-5698-C) and its Related Entities (collectively "Comcast") to Determine Whether Comcast Violated the Laws, Rules, and Regulations of this State in the Unauthorized Disclosure and Publication of Comcast Subscribers' Unlisted Names, Telephone Numbers, and Addresses, Order Instituting Investigation into the Unauthorized Disclosure and Publication of Unlisted Telephone Numbers by Comcast, Investigation 13-10-003 (issued Oct. 8, 2013). Other smaller incidents have included employee theft of customer information, improper disposal of business records containing customer information and third party criminal and fraudulent activity targeting businesses and consumers generally. These incidents may have resulted in the loss, compromise or potential compromise of electronic and physical copies of customer information, such as names, address, telephone numbers, financial account information and social security numbers. Upon discovery we took appropriate steps to fix the problems and communicate with customers and law enforcement.

Sponsor: Myrna Soto, Senior Vice President, Chief Information & Infrastructure Security Officer

Exhibit SMB-41

Q-1:11. Please describe in detail any plans for how any money that is saved from reorganization and/or rationalization, as described in the Charter application A.14-06-012, will be spent.

Joint Respondents object to this request on the grounds that it seeks information that is neither relevant to the issues in this proceeding, nor reasonably calculated to lead to the discovery of relevant or admissible evidence. Joint Respondents further object to this request on the grounds that the request is vague, ambiguous and overbroad.

Subject to the foregoing objections, Comcast responds as follows:

Comcast has not made any specific determinations regarding how any money that is saved from reorganization and/or rationalization will be spent.

Confidential Subject to Pub. Util. Code Section 583 and Non-Disclosure Agreement

Exhibit SMB-42

Q-1:52. What are the positive financial benefits in California if the proposed merger of the Joint Applicants is approved?

Objection:

Comcast objects to this request on the grounds that it is vague, ambiguous and overbroad.

Subject to the foregoing objections, Comcast responds as follows:

Response:

Please see the Application on file with the CPUC in docket A.14-04-013, which describes the financial benefits of the transaction in California. See Application at Section VIII.A. Further, the Public Interest Statement on file with the FCC describes other financial benefits of the merger.

Sponsor: Michael Kelman, Vice President, Competitive and Business Analytics

Exhibit SMB-43

Q-1:54. If there are any cost savings resulting from the merger, will they be passed on to the customers? If so, what mechanisms will be used to pass on such savings?

Objection:

Comcast objects to this request on the grounds that it exceeds the established scope of the docket to the extent it is seeking information regarding any video/cable services, programming costs, or other services or issues outside of the scope of this proceeding. Comcast further objects to this request on the grounds that the request is vague, ambiguous, unduly burdensome and overbroad.

Subject to the foregoing objections, Comcast responds as follows:

Response:

As explained in the Declaration of Michael J. Angelakis (Vice Chairman and Chief Financial Officer of Comcast Corporation),² Comcast estimates that the efficiencies resulting from the transaction will total approximately \$1.5 billion in operating expenses and approximately \$400 million in capital expenditures by the third year, with operating expense efficiencies recurring at or above the \$1.5 billion level each year thereafter (capital expenditure efficiencies are not expected to continue beyond year three):

7. Operating Expense Efficiencies. It is my view that the merger will result in significant annual cost savings that would be unachievable be absent the transaction. The estimated efficiencies are approximately 10 percent of TWC's operating expense base. Importantly, we expect that we will achieve \$750 million of the \$1.5 billion in operating efficiencies in the first year after closing, another 25 percent in year two, and the remaining 25 percent in year three. My assessment of those efficiencies takes into account the following factors:

a. Corporate Overhead. The transaction will decrease the aggregate amount of overhead currently spent by Comcast and TWC in many duplicative areas that are related to corporate staff and operational functions. By consolidating such functions and services within a single corporate management structure, the combined company should realize approximately [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] million in expense efficiencies for corporate and operational overhead over a three-year period.

b. Cable Operations. The integration of cable operations will contribute to these operating expense efficiencies. Eliminating duplicative networks, assets, and

² The Declaration of Michael J. Angelakis is Exhibit 4 to the Public Interest Statement on file with the Federal Communications Commission.

functions and creating, for example, one backbone and one content delivery network, will yield approximately an additional [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] million in operating expense efficiencies over a three-year period.

c. Programming Costs. The remaining [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] million in operating expense efficiencies are expected to come from savings on programming costs over a three-year period, to the extent and at such time as more favorable rates and terms in some of Comcast's programming agreements supersede some of TWC's existing contracts.

8. *Capital Expense Efficiencies.* Comcast's business involves significant capital expenditures for network elements, such as fiber-optic cable, software, modems, set-top boxes, and servers, and vehicles, as well as other customer equipment. We believe the combined company will likely enjoy a lower per-unit cost when purchasing network and customer equipment in larger quantities. Through these and other savings, we estimate capital expenditure efficiencies of approximately \$400 million beyond the \$1.5 billion in operating expense efficiencies described above.

See also Comcast's Response to ORA 3:61, which also discusses cost-savings that Comcast anticipates will result from the proposed transaction and will benefit consumers.

Sponsor: Michael Kelman, Vice President, Competitive and Business Analytics

Exhibit SMB-44

Q-3:61. Please identify with specificity each and every source of economies of scale that You claim will be engendered by the merger. For each, indicate the anticipated annual savings, staff reductions, other workforce-related cost savings, and any other source of claimed cost reductions. For each source of scale economies identified, indicate why You believe that a similar savings could not be achieved in the absence of the proposed merger.

Objection:

Comcast objects to this request on the grounds that it exceeds the established scope of the docket to the extent it is seeking information regarding any video/cable services, programming costs, or other services or issues outside of the scope of this proceeding. Comcast further objects to this request on the grounds that the request is vague, ambiguous, unduly burdensome and overbroad.

Subject to the foregoing objections, Comcast responds as follows:

Response:

The proposed transaction between Comcast and TWC will bring important benefits to consumers nationwide by enhancing consumer choice; facilitating greater investment in Comcast's and TWC's combined network through greater scale; generating substantial transaction-specific efficiencies and cost savings; enhancing competition for small, medium, and large businesses; and accelerating investment in and the roll out of digital voice, and high-speed data services, greater Internet speeds and other advanced services. In particular, Comcast has concluded that the enhanced scale created by the transaction should result in synergies and related efficiencies that will lead to greater innovation and an enhanced consumer experience.

Comcast estimates that the efficiencies resulting from the proposed transaction will total approximately \$1.5 billion in operating expenses and approximately \$400 million in capital expenditures by the third year, with operating expense efficiencies recurring at or above the \$1.5 billion level each year thereafter (capital expenditure efficiencies are not expected to continue beyond year three).

Comcast expects to achieve \$750 million of the \$1.5 billion in operating efficiencies in the first year after closing, another 25 percent in year two, and the remaining 25 percent in year three. These operating efficiencies fall into the following categories:

Corporate overhead: The transaction will decrease the aggregate amount of overhead currently spent by Comcast and TWC in many duplicative areas that are related to corporate staff and operational functions. By consolidating such functions and services within a single corporate management structure, the combined company should realize significant expense efficiencies for corporate and operational overhead over a three-year period.

Cable Operations: This integration of Comcast's and TWC's cable operations will also contribute to these operating expense efficiencies. Eliminating duplicative networks, assets, and functions and creating, for example, one backbone and one content delivery network, will yield significant operating expense efficiencies over a three-year period.

In addition to operating efficiencies, Comcast's business involves significant capital expenditures for network elements, such as fiber-optic cable, software, modems, set-top boxes, servers, and vehicles, as well as other customer equipment. Comcast expects that the combined company will likely enjoy a lower per-unit cost when purchasing network and customer equipment in larger quantities. The capital expenditure savings represent approximately 10 percent of TWC's total anticipated expenditures in 2014.

Finally, Comcast believes there are strong opportunities for revenue synergies through the combined entity's enhanced ability to compete for residential and business customers. Some of those opportunities are explained in detail below. Comcast operating and capital expenditure efficiencies described above do not include these revenue synergies.

There are three primary economic mechanisms that will drive benefits from the transaction: economies of scale, expanded geographic reach, and sharing of technologies and services. Scale can make the difference between investing in a new product and service and not investing, and it can speed up the pace of product and service introductions and enhancements, as discussed further below. Expanded geographic reach allows firms to compete more effectively for customers, especially business customers whose operations span multiple regions. Sharing best practices and services can increase consumers' access to cutting edge services.

Increased Ability to Deploy Advanced Technologies and to Develop New and Innovative Products and Services

By creating additional efficiencies, economies of scale, and an expansion of Comcast's geographic footprint, the proposed transaction will provide the combined company with a greater ability to invest and innovate, not only to serve its existing customers better, but also to respond more effectively to the increasing competitive forces that Comcast faces. Comcast, which employs over 1,000 engineers and developers, needs to continue to invest in advanced technologies and in developing innovative products and services. The bulk of Comcast's approximately \$1 billion in annual spending on intangible assets is devoted to software research, development, and deployment. The transaction will allow the combined company to spread the cost of these investments in new products and services over a larger customer base and more efficiently market these services. This additional base and scale increases the incentive to invest and take risks in developing innovative products and services.

The proposed transaction further enhances Comcast's ability to invest in new products and services and will extend the benefits of Comcast's scale to TWC's systems and customers. For example, increased scale may enable Comcast to justify additional investments in products and

services that are speculative and have high fixed costs. Moreover, the ability to amortize development costs over more systems means that Comcast can deploy new products and services more rapidly. Indeed, an ongoing strategic priority in the cable industry is to find creative ways to increase scale to justify and enable higher levels of investment and innovation.

The transaction will also provide Comcast the added scope and scale to more fully realize the significant investment in human capital that Comcast – uniquely in the cable industry – has undertaken in recent years. As noted above, Comcast now employs over 1,000 engineers and developers and vigorously competes for new technology talent with the likes of Google, Apple, Facebook, Netflix, Microsoft, and Twitter. With greater scale in key markets, Comcast will have a broader base of subscribers over which to spread research and development costs and to test-market and ultimately deploy new and innovative products and services. And a larger team of engineers and developers facilitates faster innovation as they can work with third-party manufacturers to develop a range of technology solutions.

Finally, the transaction will provide geographic scope efficiencies. For example, following the transaction, Comcast will have access to several markets geographically aligned near existing markets, allowing Comcast to more efficiently invest in high-fixed-cost infrastructure to serve those areas. Denser geographic coverage will also create marketing efficiencies for services that may require extensive and expensive marketing campaigns to educate and attract consumers.

Transaction Efficiencies for Residential Customers

The transaction-related synergies and economies of scale described above will justify more investment and more cost-effective allocation of resources than either TWC or Comcast could do on its own in critical areas for consumers such as broadband, voice and other products and services beyond the scope of this proceeding. Comcast is committed to adding substantial incremental investments to what TWC had planned for network and service upgrades and enhancements over the next three years. These additional investments in network infrastructure and enhancements will improve the reliability and security of the network and expand its bandwidth to deliver, for example, faster broadband speeds; increased Wi-Fi gateway and hotspot deployment; and enhanced voice services.

Broadband. The acquired TWC systems – and the company as a whole – will benefit from the ability to translate large fixed-cost development and investments into better deployment and returns across a broader customer base. Comcast expects that one of the combined company's primary focuses will be upgrading TWC's broadband plant to Comcast's technical standards in order to deliver improved broadband services to consumers.

Post-transaction, Comcast intends to increase investment in TWC's systems, with the combined company able to scale these investments more efficiently.

Digital Voice. Post-transaction, the combined company will benefit from the best aspects of both companies' robust and innovative voice services. The post-transaction company will be

better suited to offer an array of advanced IP voice services in competition with ILECs and other providers, and to continue to drive innovation and competition in this market.

Transaction Efficiencies for Businesses

The synergies and scale and scope efficiencies discussed above will also significantly enhance the ability of the combined firm to compete for and serve business customers of all sizes.

Comcast and TWC are more recent entrants in the business services market, and Comcast believes that this market presents a significant growth opportunity. Comcast first entered the business services market in 2006, focusing primarily on small businesses (i.e., primarily those with fewer than 20 employees). TWC, on the other hand, has more experience with medium-sized businesses in its footprint. Despite the fact that both companies are growing in their respective segments, Comcast and TWC together represent a small share of the small and medium-sized business market segment (maybe 10 to 15 percent within their footprints) for telecom voice and data services, and a *de minimis* share of national (enterprise) businesses.

This transaction will provide the combined company the scale and scope needed to invest and compete more effectively against well-established incumbents for two business customer categories: (1) medium-sized, regional, super-regional, and even enterprise businesses; and (2) wireless backhaul services.

Medium-Sized, Regional, Super-Regional, and Enterprise Business. The proposed transaction will help establish the combined company as a significant competitor with a stronger foothold in the medium-sized, regional, and super-regional business marketplace. As discussed above, the transaction will enable Comcast to accelerate and enhance the build-out of its network infrastructure in its service areas, bolstering its ability to compete for business customers. In particular, medium-sized businesses generally require more “on-net” building connections. Historically, these businesses have had to rely on companies like AT&T, Verizon, and CenturyLink, which have been the only providers with the scale and scope to provide these connections.

Economies of scale will enable the combined company to drive down the costs of procurement and network build-out, and will help achieve the marketing and operating efficiencies that are necessary for Comcast to be a more effective competitor. In addition, the companies will be able to combine their complementary service offerings (e.g., hosted voice service, cloud-based services) and further develop advanced service offerings like point-to-point and multi-point Ethernet services, in order to provide a more attractive suite of services to potential business customers.

The transaction will also enable the combined company to serve super-regional companies with operations that span Comcast's and TWC's existing footprints. In the past, geographic constraints have limited cable companies from competing effectively against incumbent LECs that have served this market for decades given their greater scale and scope. Today, neither

Comcast nor TWC can generally provide services to businesses that cross territories as efficiently as either can provide services to businesses within their respective territories. Thus, businesses with operations in both Comcast's and TWC's footprints that seek an alternative to the incumbent LEC face two equally unappealing options: (1) rely on an aggregator that pieces multiple services together (at a markup) or (2) negotiate and manage multiple accounts with separate providers. The transaction will help address this lack of choice, bringing greater competition to this marketplace.

Post-transaction, Comcast will be able to compete more effectively with incumbent LECs by offering a unified set of seamless products and services throughout its extended footprint with greater operational and cost efficiencies. For example, Comcast will be able to serve larger multi-site customers in a uniform fashion, and will also be able to build super-regional Metro Ethernet clusters, thereby further consolidating key parts of the company's network and fostering more efficient delivery of services. Comcast also will be able to increase the number of "on-net" sites the company serves, which will further reduce the costs and operational barriers for businesses with multiple sites and facilitate investment in adding sites to Comcast's network.

For the same reasons, Comcast's larger geographic reach post-transaction will also make it a meaningful option for enterprise companies that have multiple locations throughout the combined Comcast-TWC footprint, and currently rely either on incumbent LECs or third-party aggregators. With more of these companies' locations covered by Comcast's expanded geography, it will now make more economic sense for the company to pursue this national business. This market segment should benefit from a new near-national competitive entrant that can provide superior service and value.

Wireless Backhaul Services. With mobile data traffic growing rapidly, wholesale wireless backhaul is emerging as a national service. Comcast and TWC have both recognized that the increasing need for wireless carriers to offload wireless traffic from their cell towers onto high-capacity fiber facilities presents a business opportunity for the companies. Currently, TWC and Comcast provide wireless backhaul to only a small fraction of the total number of cell sites (less than three percent).

The transaction will improve Comcast's ability to compete in the wireless backhaul market, particularly because of its larger geographic footprint and scale post-transaction. TWC's expertise and assets in this market factor into this strategic assessment. For example, with its acquisition of DukeNet, TWC obtained an 8,700-mile regional fiber-based network that provides wholesale wireless backhaul and other business services to customers in North Carolina, South Carolina, and five other states in the Southeast. The combined company's additional scale after the transaction will provide it with the resources and expertise to build fiber even further and make substantial reinvestments in provisioning and backhaul infrastructure.

Finally, investment in this area not only creates competition for critical cell backhaul and wholesale carrier infrastructure, but directly benefits medium-sized and enterprise business customers by accelerating the deployment of a more redundant and resilient network. More

generally, the combined investments and network upgrades that are necessary to serve medium-sized, enterprise, and wholesale wireless backhaul customers across the combined company's footprint will also inure to the benefit of small business and residential customers in a number of ways. For example, since products developed for the medium-sized or enterprise segments can often be offered to/repackaged for small businesses, new product development driven by greater competition for larger businesses will also benefit small business customers. Moreover, small businesses and residential customers will enjoy the "spillover effects" from investments, plant upgrades, and network reliability enhancements made to serve larger businesses.

Absent the Transaction, Comcast Will Not Be Able to Achieve the Same Efficiencies

Based on the above factors and analysis, Comcast has concluded that the meaningful consumer and business benefits described above can be achieved only by combining Comcast and TWC. Each of the benefits outlined above is based in part on increased scale, substantial investment, innovation and experience, and an expanded geographic scope for the combined company. In Comcast's considered judgment, there is no other reasonable or attainable pathway to achieve these types of substantial benefits for consumers and businesses.

Contracting is a common mechanism to achieve some of the benefits of increased scale, expanded geographic reach, and sharing of technologies and services. However, in many cases contracting does not achieve all of the potential benefits because of well-known difficulties that arise in contracting, including transactional frictions and costs, differences in strategy, double marginalization, and the requirement for large investments specific to collaboration with another company in which returns hinge on the future behavior of the other company. Indeed, as discussed below, Comcast and TWC have sought to achieve efficiencies via contracting or consortium approaches in several contexts with mixed results, and the complexity and uncertainty of such arrangements has reduced the benefits relative to what the parties can achieve through the transaction.

Comcast has not quantified the dollar amount of the merger synergies attributable to a particular State.

Sponsor:

Exhibit SMB-45

Q-1:74. Please quantify and describe any cost savings and synergies that will result specific to California from the proposed transaction.

Objection:

Comcast objects to this request on the grounds that it exceeds the established scope of the docket to the extent it is seeking information regarding any video/cable services, programming costs, or other services or issues outside of the scope of this proceeding. Comcast objects to this request to the extent that it seeks information that is not in Comcast's possession. Comcast further objects to this request on the grounds that the request is vague, ambiguous, unduly burdensome and overbroad. Finally, Comcast also objects on the grounds that the request seeks information about "anticipated" facts or circumstances which may arise in the future.

Subject to the foregoing objections, Comcast responds as follows:

Response:

Comcast has not sought to quantify the dollar amount of the merger synergies attributable to a particular State. For a discussion of the cost savings and synergies that Comcast anticipates will result from the proposed transaction nationwide, see Comcast's Response to ORA 3:61.