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STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 14-M-0183 - JOINT PETITION OF TIME WARNER CABLE
INC. AND COMCAST CORPORATION FOR APPROVAL OF A HOLDING
COMPANY LEVEL TRANSFER OF CONTROL

PUBLIC STATEMENT HEARING

Monday, June 16, 2014
7:00 p.m.
SUNY Buffalo, Student Union Theater
106 Student Union
Buffalo, New York

DAVID L. PRESTEMON
Administrative Law Judge
Three Empire State Plaza
Albany, New York 12223-1350

COMMISSIONER DIANE X. BURMAN
COMMISSIONER GREGG C. SAYRE

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2 MR. GODFREY: Thank you and good
3 evening. I appreciate the opportunity to address
4 the board this evening.

5 My name is Niagara County
6 Legislator David Godfrey, Chairman of the Public
7 Safety and Security Committee. And with me tonight
8 is Orleans County Vice Chair, Lynne Johnson. We
9 are also the co-chairs of the Niagara-Orleans
10 Regional Alliance, better known as NORA, and are
11 here as legislative leaders for our two counties.

12 Niagara and Orleans Counties
13 represents a rural region that is economically
14 focused on agri-business and recreation. NORA was
15 formed a number of years ago and is our forum for
16 when the two counties' collaboration is
17 significantly more efficient and effective than it
18 is when we stand individually.

19 We have had, in NORA, a rural
20 broadband initiative project underway for over the
21 past two years, to get service to all of the
22 residents across our counties. We are here today
23 as a unified voice of our two counties, who are
24 desperately in need of high-speed Internet service
25 at every address point in our rural towns.

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2 Today's agricultural enterprises
3 leverage cutting-edge technologies, bio-
4 technologies, renewable energy, and high-tech heavy
5 equipment, which depends heavily on the Internet.
6 Niagara and Orleans Counties are a small business
7 friendly. They have I.D.A.s to assist small
8 businesses to launch and grow, as they add to the
9 quality of life by providing jobs, goods, and
10 services, and being agile and responsive to the
11 voice of our community.

12 It is with this perceptive --
13 this perceptiveness, that we are offering no
14 emotional plea, but instead, we offer a concrete,
15 actionable input, that, if thoroughly considered,
16 will result in a more favorable outcome, should the
17 Comcast and Time Warner merger be approved.

18 In part one, it has been our
19 observation that small businesses tend to be
20 willing to listen to the voice of the community and
21 be agile with regard to delivering profitable
22 services. Large businesses, however, frequently
23 seem very distant in listening to the voices in the
24 small communities when they have a monopoly, in the
25 case here, with the broadband services here in our

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2 area.

3 To be clear, we are not opposed
4 to the merger. We are simply suggesting that the
5 merger, if approved, it should include provisions
6 to ensure the voice of the served community is not
7 further diluted or diminished. This is our
8 important point.

9 One way to accomplish that is to
10 condition the merger on the creation -- or on a --
11 creating a voting seat on the board of directors,
12 representing a customer voice which is the source
13 of their income, and another representing the voice
14 of government, likewise, a source of the grant
15 funds that are present -- they are present --
16 presently leveraging to expand their private
17 networks.

18 Point number two, we understand
19 that private businesses are profit-seeking. The
20 new Comcast plus Time Warner is no exception.
21 According to a recent Wall Street Journal article,
22 for the first three months of this year, 2014,
23 Comcast has realized one point eight seven billion
24 dollars in profit. That's a thirty percent
25 increase, while Time Warner enjoyed a four hundred

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2 and ninety-seven million dollar in profit, during
3 this same period.

4 It would seem that both are well
5 funded to expand their networks to deliver
6 broadband to unserved areas, such as those found in
7 Niagara, Orleans, and other rural counties. Yet,
8 they do not. Instead, they apply for federal and
9 state grants and expand only into areas where there
10 is low-hanging fruit, with higher population
11 densities, leaving our rural residence,
12 recreational areas, and -- and high agri-business
13 totally behind. This further damages our rural
14 economics.

15 Now, Lynne Johnson.

16 MS. JOHNSON: Thank you, David.

17 We suggest the following
18 modifications to Federal and Public Service
19 Commission Policy.

20 First and foremost, recognize
21 broadband as a utility, just like telephone, water,
22 and electrical service. It is just as important to
23 the health, safety, well-being, quality of life,
24 job growth, and economic development of our nation
25 as the aforementioned existing utilities are. And

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2 access to it should be assured to the same level as
3 they are.

4 Even if that is not practical at
5 this time, when private companies accept public
6 funding, they should be bound to a higher standard
7 in the public interest, rather than simply
8 absorbing those funds into a capital expenditure
9 project that has no component of public
10 accountability. One example would be to require
11 that, in return for the use of public funds as seed
12 money to expand your networks for a defined period
13 of time, a portion of the profits from that
14 expansion would be required to be reinvested to
15 extend those networks into areas, with less
16 subscriber density.

17 Thirdly, access to grant funds
18 should be weighted by provider profit. Giant
19 companies with billions in profits should be able
20 to apply for grant funds. However, they should
21 also be required to match a greater percentage to
22 get them. Smaller providers, with lower profit
23 levels, should be eligible for grants with lower
24 matching components. This would serve to encourage
25 smaller providers to deliver services in unserved

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2 areas, as Ms. Carr spoke about, and perhaps in
3 direct competition to large incumbent providers,
4 potentially driving down the cost of this service.

5 In conclusion, we do not oppose
6 the merger between Comcast and Time Warner, because
7 we do see that the broadband world is unmistakably
8 different than it was just a few years ago, and
9 will continue to evolve at an ever-increasing rate.
10 However, this is a prime opportunity to re-examine
11 the long-term implications, and the opportunities,
12 and set guidelines in place to assure the public
13 interest is served alongside the private interests
14 of these two telecommunication providers.

15 What we offer are creative
16 strategies. If applied, they can provide a future
17 voice of the community, a needed level of public
18 accountability and transparency, and a more formal
19 pathway to expand broadband in the years to come,
20 just as similar historical projects that were led
21 by the visionaries of the past.

22 We thank you for your time today
23 and encourage you to remember affordable high-speed
24 Internet service to every home and business. It's
25 no longer a luxury. It's a necessity.

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2 Thank you.

3 A.L.J. PRESTEMON: Thank you, Ms.
4 Johnson and Mr. Godfrey.

5 MR. GODFREY: Thank you.

6 A.L.J. PRESTEMON: Our next
7 speaker is Christopher Rzatkieicz.

8 MR. RZATKIEWICZ: Rzatkieicz.

9 A.L.J. PRESTEMON: Right.

10 MR. RZATKIEWICZ: Hello. My name
11 is Christopher Rzatkieicz. Full disclosure, I'm a
12 cousin of Phillip Dampier and a long-time resident
13 of Rochester, New York.

14 So, this merger can't happen.
15 It -- there's no good benefit for the community or
16 any residential, you know, subscribers to Internet,
17 T.V., and phone. There -- there's been a big money
18 party for Comcast all these years. They've had the
19 ability to compete in this market and choose not
20 to.

21 There are countries in Eastern
22 Europe and all -- all over the rest of the world.
23 We rank like twenty-fifth in the lowest for
24 Internet speeds across the board, where other
25 countries are investing in infrastructure and we

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2 have -- they have fiber going directly to the home,
3 which is a product that neither Time Warner nor
4 Comcast can offer, because they use coaxial cable.
5 And that does not allow for the superior speeds
6 that fiber to the home can offer. And there's only
7 a handful of places in the United States that that
8 is even available, Verizon FiOS being one of them,
9 and then a handful of community and municipal
10 broadband fiber to the home networks.

11 The other part of it is the
12 Comcast representative said that being the sole
13 provider for businesses and being the sole option
14 will allow them to have greater transparency and
15 lower costs. And as we've seen in every market,
16 when you remove players from that market, you just
17 increase the amount of leverage the monopolies have
18 on raising prices and gouging their customers.

19 And another part of it is these
20 trials that they're talking about for broadband
21 usage caps, which is another way of monetizing
22 Internet that for years has not had to have any
23 kind of cap on it, and is only going to get more
24 and more used with services such as Netflix coming
25 out with their four K H.D., which is going to drive

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2 usage higher and higher. And with Comcast, making
3 money fist over hand, can easily invest that money
4 back into the infrastructure to handle the -- those
5 kinds of speeds and the amount of bandwidth
6 required for that, choose not to and let their
7 networks degrade, and force a -- force Netflix to
8 cough up money and extort money from them to get
9 them to pay for those kind of upgrades, when
10 Comcast easily could pay for it themselves.

11 And in these trials, where
12 they're, you know, asking customers, well what kind
13 of usage cap would you like, you know, they're
14 asking basically different levels of what is
15 acceptable. The question they don't ask customers
16 is would you rather have no caps or have caps.
17 That question is obsolete from any of those
18 questionnaires that are going out to these trial
19 test-beds that -- you know, alleged ones that
20 aren't, you know, this master plan of pushing usage
21 caps down everyone's throat.

22 I think that's everything I have
23 to say.

24 A.L.J. PRESTEMON: Thank you, Mr.
25 Rzatkievicz.

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2 MR. RZATKIEWICZ: And -- and
3 if -- if you want to read more, all this
4 information is available on Stop the Cap!. And
5 that's where the facts are, not these promises and
6 mistruths that we are hearing tonight.

7 And I have -- one more thing I
8 wanted to say was that usage caps, our neighbors to
9 the north, in Canada, they have three -- three
10 providers for Internet and those providers have a
11 mini cartel of their own where they shove and have
12 gentlemen's agreements on which caps they're going
13 to charge. And they pay more price -- higher
14 prices than anyone in the United States -- United
15 States pays here. And that's because there's lack
16 of competition and just these companies that just
17 swing their weight around and think they can get
18 away with it.

19 And the other part of it is that
20 companies like Comcast are willing to throw lots
21 and lots of money at lobbying to push out every
22 other competitor. And they're willing to spend
23 money -- tons and tons of money to wipe out other
24 competitors and consolidate, just so they can have
25 more and more leverage in their services and

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2 squeeze the customer.

3 All right. Thank you.

4 A.L.J. PRESTEMON: Thank you.

5 Next is -- next is Harry C.

6 Alford, representing the National Black Chamber of
7 Commerce.

8 MR. ALFORD: Judge,
9 Commissioners, thank you very much for allowing me
10 to speak.

11 National Black Chamber of
12 Commerce is headquartered in Washington D.C. We
13 have over a hundred and fifty chapters in the
14 United States, and another eighty chapters in
15 Caribbean, Central America, South America, Africa,
16 and a couple in New York.

17 The Buffalo Chapter, The Black
18 Chamber of Commerce of Western New York, lost its
19 C.E.O. and founder, Lumon Ross, a couple of months
20 ago. And they are in a state of transition,
21 looking for a new, strong C.E.O. like Lumon. So,
22 tonight I represent The Black Chamber of Commerce
23 of Western New York.

24 Comcast, AT&T, Sprint, Verizon,
25 back to M.C.I., and others, have all been a partner

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2 with The National Black Chamber of Commerce. We
3 looked into technology, beginning with the Telecom
4 Act of 1966. And at that time, the United States
5 was eighteenth in the world in broadband
6 deployment. Today, we're number one and that's
7 because our telecoms invested money, developed
8 technology to go after the market.

9 Consumers want to be satisfied in
10 any business that wants to stay alive, but satisfy
11 the want and needs of the consumer. If they don't,
12 they die. And big isn't big yet in the United
13 States. There are monsters out there, Vodafone and
14 others.

15 But the track we're going on, the
16 pace we're going on, and what we're saying
17 associations involved in telecom, to the F.C.C. and
18 others, as they rewrite the Telecom Act, Department
19 of Commerce and Energy, the first Telecom Act
20 didn't even include the term Internet in it. This
21 is all new territory we're going over. We must
22 keep in mind that we are a capitalistic nation and
23 we love free markets.

24 I was terribly upset when the
25 merger between Sprint and AT&T was denied. And

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2 look, today, Sprint is owned by Japanese investors.

3 They're not even a part of America anymore.

4 So, why am I coming up here to
5 support Comcast? The long history we've had with
6 Comcast. Their workforce, very diverse. It is the
7 face of America. Any office you go to, including
8 their headquarters, it is diverse.

9 Contracting, that is diverse.
10 They look at small business. They target small
11 business. I have led teams of businesses to
12 Comcast headquarters in Philadelphia to meet their
13 senior vice president of procurement, to give
14 presentations, to show their capabilities. And
15 some get hired; some don't. The good ones do. The
16 ones that need more work will come back the next
17 time. But they are interested in diversity.

18 Community outreach, they are
19 involved with community service, charities,
20 non-profits. Anything that's good for a community,
21 don't worry about Comcast, they will be there. And
22 they will ask you to let them know where the
23 opportunities are.

24 Consumer satisfaction, I think
25 that's a no-brainer. I mean, if -- if you're going

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2 to have a reputation for being -- giving poor
3 service to consumers, you're going to fail. You're
4 going to die. They make mistakes. They all make
5 mistakes. The -- the jokes and the movies about
6 the cable guy, are -- are legendary, but that is
7 changing today.

8 And what I'm saying is Comcast is
9 a good corporate citizen, out to better America.
10 So are the others. I have no problems with any of
11 them. Some contribute to National Black Chamber.
12 Some do not. But it doesn't matter. This is
13 important and it's national security. And it's for
14 the future of jobs, which we have too few today.

15 So, I would suggest -- and -- and
16 for the people who are concerned about Buffalo
17 and -- and the economic depravity, I lived here
18 back in the '70s, by the way. I lived in
19 Williamsville, working for Johnson and Johnson.

20 I'm going to close by saying
21 cheer up; you're not Detroit.

22 A.L.J. PRESTEMON: Thank you, Mr.
23 Alford.

24 Our next speaker is Edward Fine
25 (phonetic spelling).

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2 UNIDENTIFIED SPEAKER: He's gone.

3 A.L.J. PRESTEMON: Oh. We'll get
4 back to him if he comes back.

5 All right. Then let's go on to a
6 Lynne Marie Finn, representing Women Impacting
7 Public Policy.

8 MS. FINN: Good evening. I'm
9 Lynne Marie Finn. I'm President and C.E.O. of
10 Superior Workforce Solutions, which is part of the
11 Superior Group. We're a global company that's
12 headquartered in Western New York and we provide
13 staffing and other workforce solutions to a wide
14 variety of companies throughout the U.S. and in
15 nine other countries.

16 Superior Workforce Solutions is a
17 certified women-owned business. And I'm here this
18 evening representing WIPP, Woman Impacting Public
19 Policy. I'm on their board of directors. And WIPP
20 is a national, non-profit, non-partisan
21 public-policy organization that advocates on behalf
22 of women and minorities in the legislative process
23 in Washington.

24 WIPP represents over four point
25 seven million women-owned businesses. And I'm here

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2 to tell you about Comcast's relationship with WIPP.
3 Comcast is a corporate partner of WIPP and it
4 sponsors activities to advance WIPP's mission of
5 providing a voice in Washington, to promote
6 legislation beneficial to women and minority
7 businesses.

8 Comcast also supports WIPP's
9 efforts to educate women business owners and
10 provide economic opportunities to women and it --
11 the women who are WIPP members. Comcast has a
12 strong supplier diversity program and promotes an
13 in -- to the increase in participation of diverse
14 business in Comcast's supply chain.

15 Comcast has been a valuable
16 partner to WIPP and has also proven to be a good
17 corporate citizen, as the speaker before me has
18 also said. Comcast does invest heavily in its
19 communities and has significant philanthropic
20 activities in the communities in which it resides.

21 The merger of Comcast and Time
22 Warner, I believe, would expand the reach of
23 Comcast's supplier diversity, support, and
24 community outreach.

25 Thank you.

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2 A.L.J. PRESTEMON: Thank you, Ms.

3 Finn.

4 The next speaker is Barbara
5 Rogers, representing Common Cause.

6 MS. ROGERS: Judge and
7 Commissioners, thank you for the opportunity to
8 speak. My name is Barbara Rogers. I'm a life-long
9 resident of Erie County, New York, a long-time
10 customer of Time Warner Cable, and a volunteer with
11 Common Cause, a citizens lobby.

12 I've never had a problem with the
13 quality of service from Time Warner, though costs
14 have increased steadily over the years. When I
15 upgraded service in 2008, I paid a promotional rate
16 of ninety-nine dollars for cable, phone, and
17 Internet. My most recent bill was a hundred and
18 eighty-six dollars, for essentially the same
19 service, except for the addition of H.B.O.

20 Since late 2012, there have been
21 some disturbing changes. I find it ironic, since
22 the 2012 election cycle resulted in about a total
23 of ten billion dollars being spent on political
24 campaigns and six billion dollars of that went
25 directly to television ads. I do not know the

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2 amount Time Warner received, but I certainly saw a
3 sizable number of political ads.

4 In spite of this windfall, due
5 largely to the Supreme Court decision of Citizens
6 United, within two weeks after the election, Time
7 Warner announced that it would begin charging for
8 lease of the Internet modem. A monthly charge of
9 three dollars and ninety-five cents appeared on the
10 December 2012 bill. In September 2013, that amount
11 rose to five dollars and ninety-nine cents per
12 month.

13 We have recently been bombarded
14 with Time Warner ads soliciting new customers. It
15 makes sense that Time Warner would want to increase
16 its customer base, in light of the proposed merger.
17 However, the ads proclaim a new, everyday low price
18 of fourteen ninety-five for Internet service, which
19 is not a promotional rate. I naively thought that
20 the new rate might -- might apply to all customers.
21 I was wrong. Evidently, it applies only to new
22 customers who want only Internet service, but the
23 ads do not make that clear.

24 In December 2012, I paid a
25 monthly charge of thirty-four dollars and

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2 ninety-nine cents for Internet service. In
3 September 2013, that charge was raised to
4 thirty-nine dollars and ninety-nine cents. It
5 appears to be that existing customers are
6 subsidizing the growth of the customer base. And
7 I'm also sure the sports celebrity, who is a
8 spokesman on the ads, is paid handsomely. We are
9 also subsidizing a golden parachute with a platinum
10 base and diamond adornments for an outgoing Time
11 Warner executive. And the windfall received from
12 political advertisements does not trickle down to
13 benefit customers.

14 The proposed Comcast Time Warner
15 Cable merger would create a goliath in the
16 telecommunications industry and the important
17 principle of net neutrality would be at grave risk.
18 The only beneficiaries would be Comcast and Time
19 Warner shareholders and high-level executives,
20 select politicians who are favored with sizable
21 campaign contributions, and the plutocrats. The
22 losers, again, would be the general public, those
23 of us who are paying more for less service, working
24 harder and longer for fewer benefits, and declining
25 buying power.

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2 The whole scenario is part of the
3 glaring systemic problem in American society of
4 economic inequality. I am requesting that you
5 preserve the integrity of the Internet and take a
6 bold stand on the side of fairness and justice for
7 all American citizens. Please deny permission for
8 this merger.

9 Thank you.

10 A.L.J. PRESTEMON: Thank you, Ms.
11 Rogers.

12 That is all the speakers we have
13 signed up so far. As I said, I'm going to stay
14 around until -- well, we're at seven thirty-five.
15 I'm going to stay around a little bit longer, in
16 case Mr. Fine comes back or -- or someone else
17 comes in who thought they didn't have to be here
18 until seven thirty.

19 You don't have to stay with me if
20 you don't want to, but thank you all very much for
21 coming tonight.

22 (The hearing concluded at 7:45
23 p.m.)

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2 STATE OF NEW YORK

3 I, G. Michael France, do hereby certify that the
4 foregoing was reported by me, in the cause, at the time
5 and place, as stated in the caption hereto, at Page 1
6 hereof; that the foregoing typewritten transcription
7 consisting of pages 1 through 21, is a true record of
8 all proceedings had at the hearing.

9 IN WITNESS WHEREOF, I have hereunto
10 subscribed my name, this the 19th day of June, 2014.

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G. Michael France, Reporter