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

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

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

We have had, in NORA, a rural broadband initiative project underway for over the past two years, to get service to all of the residents across our counties. We are here today as a unified voice of our two counties, who are desperately in need of high-speed Internet service at every address point in our rural towns.
Today's agricultural enterprises leverage cutting-edge technologies, biotechnology, renewable energy, and high-tech heavy equipment, which depends heavily on the Internet.

Niagara and Orleans Counties are a small business friendly. They have I.D.A.s to assist small businesses to launch and grow, as they add to the quality of life by providing jobs, goods, and services, and being agile and responsive to the voice of our community.

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

In part one, it has been our observation that small businesses tend to be willing to listen to the voice of the community and be agile with regard to delivering profitable services. Large businesses, however, frequently seem very distant in listening to the voices in the small communities when they have a monopoly, in the case here, with the broadband services here in our
To be clear, we are not opposed to the merger. We are simply suggesting that the merger, if approved, it should include provisions to ensure the voice of the served community is not further diluted or diminished. This is our important point.

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

Point number two, we understand that private businesses are profit-seeking. The new Comcast plus Time Warner is no exception. According to a recent Wall Street Journal article, for the first three months of this year, 2014, Comcast has realized one point eight seven billion dollars in profit. That's a thirty percent increase, while Time Warner enjoyed a four hundred
and ninety-seven million dollar in profit, during this same period. It would seem that both are well funded to expand their networks to deliver broadband to unserved areas, such as those found in Niagara, Orleans, and other rural counties. Yet, they do not. Instead, they apply for federal and state grants and expand only into areas where there is low-hanging fruit, with higher population densities, leaving our rural residence, recreational areas, and -- and high agri-business totally behind. This further damages our rural economics. Now, Lynne Johnson.

MS. JOHNSON: Thank you, David. We suggest the following modifications to Federal and Public Service Commission Policy. First and foremost, recognize broadband as a utility, just like telephone, water, and electrical service. It is just as important to the health, safety, well-being, quality of life, job growth, and economic development of our nation as the aforementioned existing utilities are. And
access to it should be assured to the same level as they are. Even if that is not practical at this time, when private companies accept public funding, they should be bound to a higher standard in the public interest, rather than simply absorbing those funds into a capital expenditure project that has no component of public accountability. One example would be to require that, in return for the use of public funds as seed money to expand your networks for a defined period of time, a portion of the profits from that expansion would be required to be reinvested to extend those networks into areas, with less subscriber density. Thirdly, access to grant funds should be weighted by provider profit. Giant companies with billions in profits should be able to apply for grant funds. However, they should also be required to match a greater percentage to get them. Smaller providers, with lower profit levels, should be eligible for grants with lower matching components. This would serve to encourage smaller providers to deliver services in unserved
areas, as Ms. Carr spoke about, and perhaps in
direct competition to large incumbent providers,
potentially driving down the cost of this service.

In conclusion, we do not oppose
the merger between Comcast and Time Warner, because
we do see that the broadband world is unmistakably
different than it was just a few years ago, and
will continue to evolve at an ever-increasing rate.

However, this is a prime opportunity to re-examine
the long-term implications, and the opportunities,
and set guidelines in place to assure the public
interest is served alongside the private interests
of these two telecommunication providers.

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

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

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

MR. GODFREY: Thank you.

A.L.J. PRESTEMON: Our next speaker is Christopher Rzatkiewicz.

MR. RZATKIEWICZ: Rzatkiewicz.

A.L.J. PRESTEMON: Right.

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

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

There are countries in Eastern Europe and all -- all over the rest of the world. We rank like twenty-fifth in the lowest for Internet speeds across the board, where other countries are investing in infrastructure and we
have -- they have fiber going directly to the home, which is a product that neither Time Warner nor Comcast can offer, because they use coaxial cable. And that does not allow for the superior speeds that fiber to the home can offer. And there's only a handful of places in the United States that that is even available, Verizon FiOS being one of them, and then a handful of community and municipal broadband fiber to the home networks.

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

And another part of it is these trials that they're talking about for broadband usage caps, which is another way of monetizing Internet that for years has not had to have any kind of cap on it, and is only going to get more and more used with services such as Netflix coming out with their four K H.D., which is going to drive
usage higher and higher. And with Comcast, making money fist over hand, can easily invest that money back into the infrastructure to handle the -- those kinds of speeds and the amount of bandwidth required for that, choose not to and let their networks degrade, and force a -- force Netflix to cough up money and extort money from them to get them to pay for those kind of upgrades, when Comcast easily could pay for it themselves.

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

I think that's everything I have to say.

A.L.J. PRESTEMON: Thank you, Mr. Rzatkiewicz.
MR. RZATKIEWICZ: And -- and if -- if you want to read more, all this information is available on Stop the Cap!. And that's where the facts are, not these promises and mistruths that we are hearing tonight.

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

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

All right. Thank you.

A.L.J. PRESTEMON: Thank you.

Next is -- next is Harry C. Alford, representing the National Black Chamber of Commerce.

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

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

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

Comcast, AT&T, Sprint, Verizon, back to M.C.I., and others, have all been a partner
with The National Black Chamber of Commerce. We looked into technology, beginning with the Telecom Act of 1966. And at that time, the United States was eighteenth in the world in broadband deployment. Today, we're number one and that's because our telecoms invested money, developed technology to go after the market.

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

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

I was terribly upset when the merger between Sprint and AT&T was denied. And
look, today, Sprint is owned by Japanese investors. They're not even a part of America anymore.

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

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

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

Consumer satisfaction, I think that's a no-brainer. I mean, if -- if you're going
to have a reputation for being -- giving poor
service to consumers, you're going to fail. You're
going to die. They make mistakes. They all make
mistakes. The -- the jokes and the movies about
the cable guy, are -- are legendary, but that is
changing today.

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

So, I would suggest -- and -- and
for the people who are concerned about Buffalo
and -- and the economic depravity, I lived here
back in the '70s, by the way. I lived in
Williamsville, working for Johnson and Johnson.
I'm going to close by saying
cheer up; you're not Detroit.

A.L.J. PRESTEMON: Thank you, Mr.
Alford.
Our next speaker is Edward Fine
(phonetic spelling).
UNIDENTIFIED SPEAKER: He's gone.

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

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

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

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

WIPP represents over four point seven million women-owned businesses. And I'm here
to tell you about Comcast's relationship with WIPP. Comcast is a corporate partner of WIPP and it sponsors activities to advance WIPP's mission of providing a voice in Washington, to promote legislation beneficial to women and minority businesses.

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

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

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

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

The next speaker is Barbara Rogers, representing Common Cause.

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

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

Since late 2012, there have been some disturbing changes. I find it ironic, since the 2012 election cycle resulted in about a total of ten billion dollars being spent on political campaigns and six billion dollars of that went directly to television ads. I do not know the
amount Time Warner received, but I certainly saw a sizable number of political ads.

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

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

In December 2012, I paid a monthly charge of thirty-four dollars and
ninety-nine cents for Internet service. In September 2013, that charge was raised to thirty-nine dollars and ninety-nine cents. It appears to be that existing customers are subsidizing the growth of the customer base. And I'm also sure the sports celebrity, who is a spokesman on the ads, is paid handsomely. We are also subsidizing a golden parachute with a platinum base and diamond adornments for an outgoing Time Warner executive. And the windfall received from political advertisements does not trickle down to benefit customers.

The proposed Comcast Time Warner Cable merger would create a goliath in the telecommunications industry and the important principle of net neutrality would be at grave risk. The only beneficiaries would be Comcast and Time Warner shareholders and high-level executives, select politicians who are favored with sizable campaign contributions, and the plutocrats. The losers, again, would be the general public, those of us who are paying more for less service, working harder and longer for fewer benefits, and declining buying power.
The whole scenario is part of the glaring systemic problem in American society of economic inequality. I am requesting that you preserve the integrity of the Internet and take a bold stand on the side of fairness and justice for all American citizens. Please deny permission for this merger.

Thank you.

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

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

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

(The hearing concluded at 7:45 p.m.)
STATE OF NEW YORK

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

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

___________________________
G. Michael France, Reporter