BEFORE THE  
NEW YORK PUBLIC SERVICE COMMISSION  

Joint Petition of  

TIME WARNER CABLE INC.  

and  

COMCAST CORPORATION  

For Approval of a Holding Company Level Transfer of Control  

Case ______________________  

JOINT PETITION  

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JOINT PETITION

Time Warner Cable Inc. ("Time Warner Cable") and Comcast Corporation ("Comcast") (collectively, "Petitioners") respectfully request approval of a holding company level transaction that will result in the transfer of control of the following Time Warner Cable subsidiaries from Time Warner Cable to Comcast:

1. Time Warner Cable Information Services (New York), LLC ("TWCIS") and Time Warner Cable Business LLC ("TWCB") (the “Competitive Carrier Subsidiaries”); and

2. Time Warner Cable Northeast LLC and Time Warner Cable New York City LLC (the “Cable Franchisee Subsidiaries”).

Petitioners file this Joint Petition pursuant to Sections 99, 100 and 222 of the New York Public Service Law, and respectfully request expeditious Public Service Commission ("Commission") approval in light of the significant public interest benefits that will inure to New York State residents and businesses following consummation of the transaction.

1 Collectively, the Cable Franchisee Subsidiaries and the Competitive Carrier Subsidiaries are referred to herein as the “Time Warner Cable Subsidiaries.”
As further discussed below, this transaction will enhance consumer welfare and competition and deliver substantial public interest benefits.\(^2\) Among the benefits for New York are greater competition in market segments in which neither company can compete as effectively on its own today, more extensive video programming, expansion of broadband to consumers at all income levels, enhanced offerings to schools and libraries, and an ongoing commitment to rural areas of the State.

Comcast has the requisite financial, technical, and managerial qualifications to acquire control of the Time Warner Cable Subsidiaries and provide reliable yet innovative service in New York. Even as the transaction will increase the combined company’s ability to bring competition to a variety of critical market segments, there will be no reduction in competition in any other segment because Time Warner Cable and Comcast do not compete directly with one another in New York.\(^3\) Further, the proposed transaction will occur solely at the holding company level, and thus this Joint Petition does not seek authority for changes to New York customers’ rates, terms, or conditions, or for direct assignment of franchises, certificates, assets or customers.\(^4\)

\(^2\) Certain of the subjects and benefits discussed in this Joint Petition pertain to non-jurisdictional products and services. While those items are included herein in order to provide a comprehensive view of the public interest benefits of the proposed transaction, Petitioners respectfully reserve all rights relating to the inclusion of or reference to such information, including without limitation Petitioners’ legal and equitable rights relating to jurisdiction, filing, disclosure, relevancy, due process, review and appeal. The inclusion of or reference to non-jurisdictional information may not be construed as a waiver of any rights or objections otherwise available to Petitioners in this or any other proceeding, and may not be deemed an admission of relevancy, materiality or admissibility generally or with specific regard to the Commission’s actual public interest standard under applicable law.

\(^3\) To the extent there are any areas in which Time Warner Cable and Comcast are identified as both serving customers, the total number of customers served by both companies in such areas is *de minimis*.

\(^4\) After closing this transaction, if Comcast wishes to make additional changes that require regulatory approval, such as changes to d/b/a names, rates, terms, or conditions of service, or transfers of customers, Comcast will follow applicable New York filing and notice requirements associated with such changes.
In support of their Joint Petition, Petitioners state further as follows:

I. DESCRIPTION OF THE PARTIES

A. Time Warner Cable and the Time Warner Cable Subsidiaries

Time Warner Cable is a publicly traded Delaware corporation. Its headquarters is located at 60 Columbus Circle, New York, New York 10023 and its telephone number is (212) 364-8200. It is a leading provider of video, high-speed Internet, and voice services to residential and business customers. Its network facilities cover portions of 31 states, including New York, and it faces strong competition in each of those areas.

1. Voice and Competitive Carrier Services

Time Warner Cable’s broadband infrastructure has enabled it, through its operating subsidiaries, to provide interconnected Voice over Internet Protocol (“VoIP”) services. Indeed, Time Warner Cable was the first multi-system cable operator – and one of the first service providers – to introduce a mass-market, facilities-based VoIP service, then called Digital Phone, bringing a reliable, feature-rich, competitive voice alternative to residential and business consumers.

The Competitive Carrier Subsidiaries are wholly-owned subsidiaries of Time Warner Cable and limited liability companies organized under the laws of the state of Delaware. Their principal offices are located at 60 Columbus Circle, New York, New York 10023. TWCIS is authorized in New York to provide all forms of telecommunications services pursuant to a Certificate of Public Convenience and Necessity (“CPCN”) granted in Case 98-C-0593, issued on April 23, 1998. TWCIS has been designated by the Commission as an eligible telecommunications carrier (“ETC”) for purposes of receiving federal universal service support
for offering Lifeline service. TWCB is authorized in New York to provide facilities-based and resold telephone service (excluding local exchange service) pursuant to a CPCN granted in Matter No. 13-01705 issued on November 6, 2013, and updated on November 27, 2013.

Time Warner Cable, through TWCIS, provides competitive voice services using VoIP technology to residential and business customers across its territory in New York State. TWCB offers a wide variety of products and services to business customers, including high-capacity transmission services (such as Metro Ethernet). TWCB also offers wholesale services to other service providers, including facilities to wireless providers for cell tower backhaul. Additionally, Time Warner Cable, through other subsidiaries, offers high-speed data services. Time Warner Cable offers all of these services in competition with the incumbent local exchange carriers (“ILECs”) and other service providers. The companies offer these services using the facilities of Time Warner Cable and, where necessary, third-party facilities. Retail customers range from consumers and small businesses with a single location to medium-sized and enterprise businesses with multiple locations, as well as government, education, and non-profit institutions.

Time Warner Cable has a statewide presence in urban, suburban, and rural areas in New York, ranging from New York City, north to the Canadian border, and west to Buffalo. Time Warner Cable serves four of five New York City boroughs (all of Manhattan, Queens, and Staten Island, and the northwest portion of Brooklyn); the major upstate cities (Albany, Buffalo, Rochester, and Syracuse); and more than 1,100 other towns, villages, and cities in most of the major regions of the state (Mid/Upper Hudson Valley, Capital Region, North Country, Central

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5 Case 12-C-0510, Petition of Time Warner Cable Information Services (New York), LLC for Modification of Its Existing Eligible Telecommunications Carrier Designation, Order Approving Designation as a Lifeline-Only Eligible Telecommunications Carrier (Issued and Effective March 18, 2013).

6 The number of TWCIS’s residential and business customers in New York will be filed separately under confidential seal.
New York, Mohawk Valley, Finger Lakes, Southern Tier, and Western New York). Time Warner Cable has a significant presence in all but a handful of New York’s 62 counties.7

2. **Cable Systems and Video Services**

Time Warner Cable’s cable systems provide cable television services to approximately 11.4 million residential and business customers nationwide. The Cable Franchisee Subsidiaries provide cable television services pursuant to cable television franchises issued by the local communities they serve. Through its wholly owned Cable Franchisee Subsidiaries, Time Warner Cable serves over 2.2 million customers in approximately 1,150 New York communities.8 Time Warner Cable has developed and deployed switched digital video technology, and its cable systems typically provide access to hundreds of linear channels and 18,000 hours of video-on-demand (“VOD”) programming. Time Warner Cable offers various tiers and packages of video programming, as well as specialty programming tiers tailored to particular interests. Time Warner Cable’s all-digital migration is currently complete in about 17 percent of its footprint, including New York City, with additional areas being transitioned continually.

B. **Comcast**

Comcast is a publicly traded corporation organized under the laws of Pennsylvania. Its principal offices are located at One Comcast Center, 1701 JFK Boulevard, Philadelphia, Pennsylvania 19103 and its telephone number is (215) 286-1700. Comcast is a global media and technology company with network facilities covering portions of 39 states and the District of

7 Counties with little or no presence include Nassau, Suffolk, Bronx, Westchester, Putnam, Rockland, Dutchess, Columbia, Delaware, and Hamilton Counties.

8 A list of the franchised communities served by the Cable Franchisee Subsidiaries is provided as Attachment A to the FCC Form 394, included as Exhibit B hereto. Those franchised communities receiving an FCC Form 394 are highlighted on that Attachment A. The Cable Franchisee Subsidiaries are limited liability companies organized under laws of the state of Delaware, with principal offices at 60 Columbus Circle, New York, New York, 10023. Their telephone number is 212-364-8200.
Columbia. No individual or company holds, directly or indirectly, a ten percent or greater equity interest in Comcast. Comcast is a leading provider of video, high-speed Internet, digital voice, and other next-generation services and technologies to residential customers and small- and medium-sized businesses. Having consistently invented, developed, deployed, and improved a wide range of new technologies and services, Comcast has established a reputation as an industry leader in communications, technology, financial performance, and operational efficiency.

1. **Voice and Competitive Carrier Services**

   Comcast (through its VoIP operating subsidiary, Comcast IP Phone, LLC) currently provides voice services to approximately 10.7 million customers, including residential and business customers. Using VoIP technology, Comcast provides competitive facilities-based voice services to deliver digital-quality phone service, plus enhanced features that are integrated with other Comcast services.

   Comcast has at present a limited service territory in New York, and currently offers competitive VoIP services to residential and business customers in the state. Further, through its New York operating subsidiary Comcast Phone of New York, LLC, Comcast offers intrastate wholesale telecommunications services, including switched access service and local interconnection service to retail VoIP providers. Comcast’s wholesale business also includes

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9 Brian L. Roberts, Comcast’s Chairman and Chief Executive Officer, has or is attributed with the power to vote stock that represents 33-1/3 percent of the voting power of Comcast’s voting common stock. Mr. Roberts’s voting interest is held primarily through his control of BRCC Holdings, LLC, a Delaware limited liability company of which he is the sole Manager. No other individual or entity has or is attributed with, directly or indirectly, a ten percent or greater voting interest in Comcast.

10 Services are offered in 10 communities within Dutchess, Putnam, Washington and Westchester Counties. The number of Comcast’s residential and business customers in New York will be filed separately under confidential seal.

11 Case 08-C-0727. Comcast also offers interstate transport services, including Metro Ethernet services, to retail and wholesale customers pursuant to its interstate authority.
the provision of cellular backhaul services to wireless carriers, which helps such carriers manage their network bandwidth more efficiently by leasing fiber facilities from Comcast for the transmission of wireless traffic between their cell towers and mobile switching offices.

2. **Cable Systems and Video Services**

Comcast currently owns and operates cable systems serving approximately 21.7 million video customers, including residential and business customers. Since 1996, Comcast and its predecessors-in-ownership have invested tens of billions of dollars to upgrade network infrastructure by installing fiber optics and other technological enhancements. Comcast led the industry in transitioning to digital and has already implemented an all-digital platform across its systems.

Comcast provides a variety of video services with access to tens of thousands of entertainment choices under the XFINITY brand. Customers enjoy a full array of both traditional and advanced video products, including hundreds of channels of linear video programming from local broadcast stations, premium cable programmers, and national, regional, and local cable networks; programming packages tailored for diverse audiences; pay-per-view services; an impressive range of high-definition (“HD”) programming; approximately 50,000 VOD choices on XFINITY On Demand, most of which are available to digital video customers at no additional charge; digital video recorder (“DVR”) services; and interactive programming guides. In addition, Comcast recently began to offer its customers the option to purchase and own digital copies of movies and television shows.

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12 Comcast’s cable subsidiary Comcast of New York, LLC currently provides cable services to ten communities in New York.
Through XFINITY.com/TV and the XFINITY TV Go App, Comcast customers can stream over the Internet to their PCs and mobile devices over 50 linear cable networks and thousands of hours of the latest TV shows and popular movies, and, with the XFINITY TV Go App, Comcast customers can even download movies and shows to their mobile device to take anywhere. The most striking example of Comcast’s efforts to provide its customers with cutting-edge services is Comcast’s next-generation entertainment operating system, the X1 platform, which is now available across Comcast’s entire footprint. The X1 platform provides a state-of-the-art cloud-based user interface and, in select markets, the ability to stream to computers and mobile devices in the home practically the entire channel lineup (including public, educational and government or “PEG” channels and must-carry channels). With the launch of the new X1 DVR with cloud technology, Comcast customers will be able to record more shows, access programming in their homes on multiple TVs, computers, and mobile devices, and download their recordings to mobile devices.

II. DESIGNATED CONTACTS

Questions, correspondence, or other communications concerning this Joint Petition should be directed to the following contacts:

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III. DESCRIPTION OF THE TRANSACTION

Comcast has entered into an agreement with Time Warner Cable whereby Comcast will acquire 100 percent of Time Warner Cable’s equity in exchange for Comcast Class A shares (“CMCSA”). The proposed transaction is a straightforward acquisition of Time Warner Cable. As illustrated in the structure charts included in Exhibit A, at the closing of the transaction, Tango Acquisition Sub, Inc. (“Merger Sub”), a new direct wholly owned subsidiary of Comcast, will merge with Time Warner Cable under Delaware law. At that time, the separate corporate
existence of Merger Sub will cease, and, thereafter, Time Warner Cable will be a wholly owned subsidiary of Comcast. Contemporaneously with the merger, each Time Warner Cable share will be converted into the right to receive 2.875 shares of CMCSA.

The Time Warner Cable Subsidiaries will remain wholly-owned subsidiaries of Time Warner Cable. Thus, upon completion of the transaction, they will become indirect, wholly-owned subsidiaries of Comcast. This Joint Petition does not seek authority for the transfer of customers or for any changes in rates, terms or conditions of service, or for the direct assignment of franchises or certificates. TWCIS also will continue to provide Lifeline services pursuant to its existing ETC designation (unless and until the Commission approves an application to relinquish the TWCIS Lifeline certificate). It is therefore anticipated that the proposed transaction will be seamless to Time Warner Cable’s New York customers. Similarly, there is no anticipated change in the combined companies’ working relationship with the Department of Public Service staff, e.g., the cooperative reporting of significant outages and relevant follow up, along with the Time Warner Cable emergency operations and coordination.

IV. COMCAST POSSESSES THE REQUISITE FINANCIAL, TECHNICAL, AND MANAGERIAL QUALIFICATIONS TO PROVIDE RELIABLE SERVICE AND ACQUIRE CONTROL OF THE TIME WARNER CABLE SUBSIDIARIES

Comcast is a financially strong, publicly traded corporation well positioned to effectively manage the Time Warner Cable Subsidiaries in New York. In 2013, the company saw an increase in consolidated revenue of 3.3 percent to $64.7 billion and an increase in consolidated operating income of 11.4 percent to $13.6 billion; revenues from voice services increased 2.8 percent to $3.6 billion. Time Warner Cable and the Time Warner Cable Subsidiaries will therefore become part of an organization with a solid balance sheet and the financial capabilities to undertake the transaction and continue to provide high quality services in New York.
A. Voice and Competitive Carrier Services

Comcast has expert technological and service capabilities as a communications provider. Comcast’s experience includes an array of communications and broadband services, including local and long distance voice (using VoIP technology), broadband data, and video, as well as a host of advanced technology and other service offerings. Moreover, Comcast invests heavily in network infrastructure in its markets – exceeding tens of billions since 1996 – to provide a robust network for today’s needs that is capable of evolving to meet tomorrow’s consumer and business demands.

Based on its consistent commitment to innovation and advancement, Comcast has been recognized by Fortune Magazine in its survey of the World’s Most Admired Companies, ranking first among cable and satellite providers. Comcast’s commitment to providing cutting-edge broadband services recently earned it a 2013 Best Practice Award from Frost and Sullivan, which ranked Comcast first among all North American broadband providers in “Technology Innovation.”

As an experienced service provider, Comcast also has long-established relationships with peer companies, partners, suppliers, regulators, and customers. Comcast’s technological capabilities, its service record, its commitment to investment, and its solid balance sheet will ensure that Time Warner Cable’s customers will continue to receive the same or higher quality products and services that they currently enjoy. In addition, Comcast has significant managerial capability and experience as a top-tier communications service provider, which will benefit Time Warner Cable customers. Further information regarding Comcast’s leadership team is available at http://corporate.comcast.com/our-company/leadership.
B. Cable Systems and Video Services

Pursuant to NYCRR Section 897.4(e), this Joint Petition includes an FCC Form 394, which is attached as Exhibit B. As the Commission is aware, the Form 394 is designed to provide the relevant information the Commission needs to assess the financial, legal, and technical qualifications of Comcast to be the ultimate parent entity of the Cable Franchisee Subsidiaries. The information provided in the attached Form 394 demonstrates that Comcast is financially, legally, and technically qualified to acquire control of the Cable Franchisee Subsidiaries.

V. APPROVAL OF THE TRANSACTION IS IN THE PUBLIC INTEREST

This transaction will generate substantial public interest benefits and thus warrants expeditious approval. As a general matter, there will be net benefits to core voice, video and broadband services (through ongoing enhancements to the expanded Comcast network), new tools for technicians to quickly and correctly diagnose and address issues, security and risk management improvements, and innovative partnerships with educational and governmental entities.

A. The Transaction Will Promote the Deployment of Advanced Voice Services and Enhance Intermodal Competition in the Voice Marketplace

The Competitive Carrier Subsidiaries will continue to offer highly competitive services in New York following consummation of the transaction. The transaction will promote the deployment and availability of advanced voice services and enhance intermodal competition in the voice marketplace. Both Comcast and Time Warner Cable are today well-respected providers of advanced voice services. By permitting Comcast and Time Warner Cable to combine the best aspects of their robust and innovative voice services, and by adding scale to Comcast’s overall business that will encourage more network investment in New York, approval
of this transaction will leave the merged company better suited to offer an array of advanced voice services in competition with ILECs and other providers. The benefits of the transaction will accrue to New York residents and businesses alike.

1. The Transaction Will Improve Competition for and Enhance Residential Voice Services

The Commission’s approval of this transaction will provide New York residents with a more robust competitor, leading to improved services and choices. The transaction will allow Comcast to integrate the best features of its voice offerings with the best features of Time Warner Cable’s offerings, creating best-in-class voice service offerings. Across its footprint, Comcast offers its XFINITY Voice customers several enhanced features, combining traditional features such as call waiting, three-way calling, and voicemail with newer offerings such as caller ID provided over television, laptop, or mobile device, and Readable Voicemail. Comcast also offers customers the ability to send and receive unlimited text messages to and from their XFINITY Voice telephone numbers. New York residents will benefit from access to these cutting-edge products and services.

In fact, recent network investments have expanded dramatically the features available to XFINITY Voice customers, which the combined company looks forward to introducing to a far greater number of New York customers. Comcast has moved to a new advanced and flexible IP Multimedia Subsystem (“IMS”) network architecture. This architecture enables customers to access the service from different locations using a variety of methods and networks, including not only the wired connections provided by Comcast, but also Wi-Fi connections and public Internet connections provided by third parties, whether wired or wireless. The IMS network architecture, for example, enables “Voice 2go,” which allows users to place calls over a Wi-Fi or data connection from their Comcast-assigned telephone numbers using an app downloaded to a
mobile device, and also to receive calls to their home numbers at multiple locations and on multiple devices using the “Advanced Call Forwarding” feature. Combining these features with the Competitive Carrier Subsidiaries’ already strong VoIP product will produce a highly-advanced, state-of-the-art offering.

In addition, both companies have expanded their international reach and calling options. For example, Time Warner Cable recently launched free Mexico calling, and Comcast has implemented eight different international calling options (as compared to Time Warner Cable’s two), thereby allowing customers to select from a range of possibilities to best meet their family and/or business circumstances. Together, the combined company’s scale and existing relationships will enable it to reach more countries for its customers, at very reasonable rates.

Moreover, Time Warner Cable is building out network facilities, which are having a particularly positive impact in rural areas of New York. The combined company also looks forward to continuing the joint public-private partnerships already underway, such as the Connect NY broadband grant program, to reach more New York communities. In fact, under that program millions of dollars are being spent to deploy hundreds of new network miles passing thousands of additional homes and businesses in Upstate New York.

In sum, Comcast and Time Warner Cable anticipate incorporating the best aspects of both their voice products to create a better experience for both companies’ current (and future) customers. This will enhance the competitive landscape in New York through a wider and expanding set of residential voice services and additional intermodal competition. The Commission’s longstanding interests in intermodal competition and universal service are thus served by approval of this transaction.
2. The Transaction Will Improve Competition for Business Voice and Data Services

New York businesses of all sizes will benefit from a substantial increase in much-needed competition and the accelerated deployment of advanced services critical for economic development. The transaction will produce significant public interest benefits by combining the two companies into a stronger, more cost-efficient competitor that can offer new options and aggressively priced services to small, medium, and enterprise businesses across a wider area of New York, challenging the incumbents that have dominated this marketplace for decades.

Comcast’s and Time Warner Cable’s track records demonstrate both the power and opportunity of competition in this space. While Comcast and Time Warner Cable have faced constraints in attempting to expand in these markets, the combined company’s larger footprint will allow it to serve New York business customers more effectively, including super-regional business customers with offices in New York and surrounding states. This larger footprint also will enable the combined company to serve larger business customers with many offices in New York and around the country, creating new competitive choices for a variety of Empire State businesses.

Medium-sized and enterprise business customers. The transaction will increase competition for medium-sized and enterprise business customers.

Comcast, Time Warner Cable, and other cable companies have had difficulty competing effectively against incumbent providers possessing far broader scale and scope for larger business customers that have multiple office locations in various states. Where a customer’s business spans multiple areas, a cable company with a limited footprint is often not an option. Even efforts to serve customers that span different cable footprints on a joint basis are often difficult to arrange and manage for both the customers and the providers. Indeed, many business
customers refuse to consider such options, while others may do so only where one provider can serve a majority of the locations using its own network. Certainly, the combined company’s greater regional and national on-net footprint will make it a far more attractive option, significantly enhancing competition in this important business segment. Businesses in New York will benefit from becoming part of this new footprint.

Beyond the significant benefits driven by larger scale, the combined company will be able to compete more effectively for medium-sized and enterprise business customers by combining Comcast’s and Time Warner Cable’s respective product offerings into a “best of the best” service portfolio. For example, Comcast currently offers some services to business customers that Time Warner Cable does not, including Comcast’s Business VoiceEdge (“BVE”), which provides web-based PBX functionality with a host of nomadic features. This includes a “Be Anywhere” feature that allows customers to make and receive calls from any device at any location with one phone number, and to use 4-digit extensions to contact colleagues from their mobile phones. BVE also includes “Teleworker,” which enables seamless integration of remote and work-at-home employees into a company’s phone infrastructure. Comcast was recently listed as a Leading Hosted VoIP Provider on the Infonetics Research 2013 North America Business VoIP Service Leadership Scorecard.¹³

Meanwhile, Time Warner Cable, through its NaviSite subsidiary, provides a range of cloud-based solutions that appeal to medium-sized and enterprise businesses, including “customized managed hosting, managed application, and message solutions, along with other

related IT solutions and professional services.”\textsuperscript{14} Time Warner Cable also offers Session Initial Protocol (“SIP”) trunking, data center services, and other high-end business services products, and has received a “Metro Ethernet Forum” 2.0 Certification in all eight Ethernet product categories.\textsuperscript{15} Combining the complementary products and services offered by Comcast and Time Warner Cable under a single company will enhance competition in business services and increase the suite of offerings in a way neither company can do today.

\textit{Wireless backhaul services}. With mobile data traffic growing incredibly rapidly, wholesale wireless backhaul is also an emerging and significant service that the combined company will be better positioned to provide. Comcast and Time Warner Cable have both recognized the growing need for wireless carriers to transport wireless traffic from their cell towers on high-capacity fiber facilities to make the mobile broadband ecosystem work more efficiently and reliably and provide better service to customers. Yet Comcast’s and Time Warner Cable’s current shares in this segment are small, as the companies together had only an estimated 2.8 percent national market share in 2013.

As with the medium-sized and enterprise segments discussed above, the transaction will make the combined company a more effective wireless backhaul competitor due to:

\begin{itemize}
  \item Improved network reach that will allow the company to serve a much higher proportion of a mobile operator’s sites;
  \item Improved operations resulting from consistency in approach and technology on a larger fraction of mobile operator’s sites;
\end{itemize}

\textsuperscript{14} See \url{http://www.navisite.com/}.

Increased ability to build out fiber and invest in wireless backhaul infrastructure because of additional scope and scale, and

Increased number of on-net locations, which will allow the operating cash flow from those sites to be re-invested in plant expansion to marginal sites.

By utilizing not only Time Warner Cable’s assets, but also both companies’ knowledge and expertise of this business, the combined company will be better positioned to offer mobile operators the services they need in more locations, enhancing consumer and economic welfare in New York.

**Small business customers.** Comcast recognized the opportunity to serve small business customers’ voice and data needs several years ago, and since 2006 has aggressively extended its network to enable the company to offer small businesses a competitive alternative for their data, voice, and video needs. Comcast moved swiftly to develop business-class billing, provisioning, and customer interface systems. It recruited an assertive sales force and built the requisite service delivery and service assurance expertise and systems. In short, Comcast brought to thousands of pharmacies, barber shops, dry cleaners, and restaurants a value proposition that was far better than what was previously available. Comcast’s investments and innovations in this area have led to growing marketplace success. And the company has won several awards for its small business services, including the Leading Lights Award last year for Most Innovative SMB Service and the Hosted VoIP leader award in 2012 and 2013.

Time Warner Cable also robustly serves the small business segment in its footprint. As in the case of Comcast, this market segment accounts for the majority of Time Warner Cable’s business services revenue. But Time Warner Cable also has more experience providing advanced services to medium-sized and enterprise businesses, due to its earlier start and presence in the New York and Los Angeles markets.
Significantly, TWCIS is the largest facilities-based competitor in rural New York. The combined company will continue the build out of network facilities and remain engaged in the Connect NY broadband grant program, bringing advanced services and the benefits of intermodal competition to countless new small businesses for the first time. This will, in turn, enable these small businesses to compete against those businesses in more urban areas on a more equal footing, enhancing economic development across the State.

In fact, analyst reports have underscored aggressive price competition introduced by Comcast and Time Warner Cable in the small and medium-sized business segments, with a 2013 research report noting that new entry was decreasing Ethernet pricing for business by 10 percent or more a year.\(^{16}\) The combined company will be an even more effective competitor against established incumbent providers.

Notably, the investments and network upgrades necessary to serve medium-sized, enterprise, and wholesale wireless backhaul customers across the combined-company footprint will also inure to the benefit of small business (and even residential customers), as they enjoy the natural “spillover effects” from the investments and plant upgrades made to serve the larger businesses. For example, the economic feasibility of serving office parks, strip malls and educational/non-profit locations is likely to improve as the combined on-net fiber and HFC [hybrid fiber coaxial] footprint of the combined entity increases. Moreover, since products

\(^{16}\) Insight Research Corp., *US Carriers and Ethernet Services, 2013-2018*, at 5 (Aug. 2013); see also TeleGeography, *Global Enterprise Networks: Enterprise Service Pricing*, at 16 (Jan. 2013) (“Median Ethernet market prices remain volatile, fluctuating considerably year to year. . . . With this said however, the long-term price trend is clearly down.”); *id.* at 20 (“As a growing number of carriers offer the service, [Virtual Private LAN Service] prices continue to decline.”); Craig Galbraith, *CableCos Gain Ground in Ethernet, But AT&T, Verizon Still Lead*, Channel Partners, Feb. 12, 2014, [http://www.channelpartnersonline.com/news/2014/02/cablecos-gain-ground-in-ethernet-but-at-t-verizon.aspx](http://www.channelpartnersonline.com/news/2014/02/cablecos-gain-ground-in-ethernet-but-at-t-verizon.aspx) (“Cable companies have developed a winning formula for the U.S. business Ethernet market. They are successfully leveraging their on-net fiber footprints to offer aggressive pricing and rapid service provisioning.”).
developed for the medium-sized or enterprise segments can often be offered to or repackaged for
small businesses, new product development driven by greater competition for larger businesses
will also directly benefit small business customers across the State.

The net result will be an injection of much-needed intermodal competition into this
important segment as the combined entity becomes a more viable competitive alternative to
legacy providers for these business customers. Indeed, given that Comcast has only about 20%
of the small end of the Business Services market and about a 5% share of the midsize business
segment nationally, there remains a great deal of room for additional growth – and corresponding
benefit to New York businesses and economic development.

The transaction will clearly deliver a broad variety of benefits to New York businesses.
From very small to medium-sized and enterprise businesses, and from wireless to landline
wholesale customers, the combined entity will bring new and more advanced services to a wider
array of businesses than ever before. This marked increase in intermodal competition will
facilitate economic development across New York State.

3. The Transaction Will Have No Negative Impact on Competition

Significantly, the transaction will have no negative impact on competition because Time
Warner Cable and Comcast do not today compete directly with one another.17 In addition, many
residential and business customers have numerous competitive alternatives for telephone service,
high-capacity business services, and wireless backhaul in New York, from ILECs as well as
large CLECs. Residential voice competitors include traditional providers of phone service such
as ILECs and other CLECs, providers of fixed and nomadic VoIP services such as Vonage and
other over-the-top voice service options, and wireless providers, as the strong trend in telephony

17 See supra fn. 3.
continues to be toward wireless substitution of fixed telephone lines. Given that Comcast has today a very limited presence in New York, the transaction will not result in the combined company holding a dominant share of the market in New York for any of these services, but will instead add a stronger, more innovative provider to the competitive mix.

B. Cable Systems and Video Services

1. The Transaction Will Accelerate Deployment of Advanced Video Technologies and the Development of New and Innovative Video Products and Services

Accelerated Transition to All-Digital. Improving cable services for customers – adding channels, improving picture quality (i.e., HD), adding advanced features – depends on securing additional bandwidth. To free up the bandwidth needed for more channels and quality, Time Warner Cable made an early commitment to adopting switched digital video (“SDV”) technology to manage content and video quality. But in order to offer super high-speed Internet service going forward, Time Warner Cable is now focused on migrating to all-digital systems. Time Warner Cable’s all-digital migration currently is complete in about 17 percent of its footprint, and Time Warner Cable expects to have completed 75 percent of its footprint by the end of 2016. Currently, approximately 40 percent of Time Warner Cable’s New York subscribers are served by all-digital systems.

Comcast took a different approach to freeing up bandwidth, reclaiming the bandwidth devoted to analog delivery of programming through an arduous, resource-intensive, community-by-community, five-year effort to convert to all-digital – an effort that the company referred to as “Cavalry” to underscore the intention to charge forward. That approach paid off, and Comcast completed its transition to an all-digital platform in 2012, ahead of schedule. Once the current transaction is complete, the all-digital transition of Time Warner Cable’s footprint will be accelerated. Moreover, Comcast’s substantial experience with Cavalry, in which Comcast
worked through the various complexities of an all-digital transition in a disciplined and sustained manner, will enable the transition in the Time Warner Cable systems to take place more efficiently and with less customer disruption. As a result of these upgrades, customers of Time Warner Cable systems will enjoy more innovative video products on an accelerated basis.

**Enhanced Network Reliability and Customer Service Innovations.** The benefits of a more robust and reliable all-digital network also extend to network reliability and performance. Comcast has invested billions of dollars to transform the end-to-end customer experience through an advanced broadband network and state-of-the-art care and tech diagnostic tools for technicians and customer account executives. In addition, Comcast’s all-digital network improves overall video quality and consumer satisfaction: Comcast is able to ingest digital signals from programmers and move the signals through the network to set top boxes without conversion to and from analog and the accompanying loss of fidelity.

Beyond this, digitalization facilitates customer service innovations, efficiencies, and lower costs, by allowing Comcast to remotely activate and deactivate services. This has enabled Comcast’s development of next-generation customer self-service products, including self-install kits and online self-service, which save both the customer and company significant time and money while improving customer satisfaction. Although Time Warner Cable has been able to invest in some self-installation options for existing customers, Time Warner Cable does not yet offer a self-install option for new customers.

Comcast’s recent advances in customer service and satisfaction have served to focus and intensify its goal to be a leader in an industry historically plagued by dissatisfaction. Comcast will apply this mindset to the Time Warner Cable systems in New York. The combined
company will be able to invest ever more in cable service system improvements, and will bring a dedicated effort to improving performance in the Time Warner Cable markets.

2. Time Warner Cable Customers Will Enjoy More Programming Choices

Comcast has more extensive programming rights and a broader VOD and online catalog than Time Warner Cable. The transaction, in time, will provide customers in the Time Warner Cable markets with access to more programming choices, particularly in terms of VOD and TV Everywhere options, and better position the combined company to retain and win back consumers in the face of increasingly widespread and rigorous competition for customers’ time and attention.

**VOD Leader.** XFINITY On Demand today includes approximately 50,000 programming choices (compared to Time Warner Cable’s 15,000-20,000), featuring the most current TV shows and movies. Over 80 percent of those choices are free of charge. Comcast will extend its broad VOD programming rights to the Time Warner Cable New York systems as soon as its contracts permit, and as soon as the planned network upgrades to Time Warner Cable systems permit the delivery to customers of this much larger content library.

To expand customers’ options for viewing this extensive library of VOD content, Comcast continues to work with third-party device manufacturers, such as Samsung, TiVo, and Microsoft, to enable access to XFINITY On Demand content on a variety of devices.

Comcast also recently launched (in November 2013) the XFINITY TV Store, giving customers the ability to purchase movies and TV shows for downloading and streaming – oftentimes weeks before they are available for rent or purchase on Blu-Ray and DVD – and store them in the cloud. Time Warner Cable does not currently offer such an electronic sell-through
service, such that the transaction will bring this cutting-edge service as a new benefit to millions of New York customers.

**TV Everywhere Leader.** Comcast offers an industry-leading TV Everywhere experience to its customers. Comcast customers have access to 300,000-plus streaming choices, including over 50 live TV channels, on XFINITYTV.com. These live channels and over 25,000 on-demand choices are also available on the XFINITY TV Go app, which also allows customers to download certain shows and movies to watch offline later. Time Warner Cable’s TV Everywhere offering is more limited, as it provides less content and less flexibility for accessing this content outside the home, with up to only 29 live TV channels and 6,500 hours of video content.

3. **The Benefits of the X1 Platform**

Comcast’s launch of its X1 platform and successor X2 user interface are key examples of the video technology that Comcast has deployed to its customers and would extend to millions of new customers through this transaction. Comcast’s scale, commitment to innovation, research and development, and huge infrastructure investments led to the development and deployment of the Comcast X1 platform. The X1 platform gives customers unmatched interactive TV functionality featuring a state-of-the-art user interface and other product features that revolutionize customers’ viewing experiences:

- Integrated search (across TV, XFINITY On Demand, and DVR) with instant play;
- Access to the Internet and apps like Facebook and Pandora, as well as integrated TV apps like weather and traffic;
- Cross-product integration, including access to voicemail from the TV;
- Enhanced personalization and recommendations;
- A “Last 9” feature that enables customers to easily access the last nine channels, VOD programs, and apps that were viewed or used;
- The X1 remote app, which offers a new remote control experience by letting customers use their iPhones and iPads to control their TVs with a simple gesture, or use voice commands to easily navigate the programming guide, and
- The X1’s network-based user interface, which enables Comcast to implement upgrades without swapping out customer equipment, thereby leading to faster innovation cycles.

Comcast also has launched its new X1 DVR with cloud technology enabling customers in certain markets to watch their DVR recordings on any X1-connected TV, on computers, and mobile devices in the home, as well as download recorded content to mobile devices to take on-the-go. At the same time, Comcast has deployed its live in-home IP cable streaming feature, which allows customers on the X1 platform to stream practically their entire cable channel lineup, including must-carry stations and PEG channels, to computers and mobile devices in the home.

Without this transaction, Time Warner Cable customers would likely not experience the benefits of this revolutionary video experience at all, and at the very least not as rapidly or pervasively.

C. The Transaction Will Generate Other Significant Public Benefits

New York will experience a variety of additional benefits as a result of the proposed transaction. For example, as further described in the Petitioners’ Public Interest Statement filed with the Federal Communications Commission, the transaction will accelerate broadband deployment, intensify broadband competition, promote innovation, and expand broadband adoption. Indeed, the transaction will provide the scale to unlock new investment and innovation, resulting in faster broadband speeds to customers across the combined company’s

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footprint. Additional public interest benefits that the transaction will generate include the following:19

1. **Expanded Broadband Adoption**

   The transaction will have a specific, direct and positive impact on low income New Yorkers. In 2011, Comcast introduced Internet Essentials, which 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 $150.00, and multiple options to access free digital literacy training in print, online and in person. There are no price increases, no activation fees and no equipment rental fees. Comcast has promoted Internet Essentials through local community partners, such as the Putnam Community Action Program, and has also conducted outreach to public schools and libraries in the communities currently being served. In just two and a half years, Comcast has connected more than 1.2 million Americans to the power of Internet broadband at home, many for the first time. Earlier this year, Comcast announced that the Internet Essentials program has been extended indefinitely — beyond its initial three-year period. Post-transaction, qualified low-income families in the greatly expanded service area will be eligible for Internet Essentials, thereby allowing an untold number of New York children and their families to benefit from this remarkable program.

2. **Increased Availability of Broadband to Schools and Libraries**

   Comcast also provides high-speed connectivity to thousands of schools and libraries across its footprint and competes aggressively in the business services market, which includes Comcast’s E-rate business. The combined entity expects to be an even stronger, more cost-

19 *See supra* fn. 2.
efficient competitor potentially enabling it to win more competitive bids, including bids to serve schools and libraries. Comcast looks forward to working with the Commission and other State agencies to identify and attempt to fulfill currently unmet school and library needs, and to expanding the company’s relationships with community organizations to extend the reach of the Internet Essentials program.

3. **Active Community Involvement and Citizenship**

Community involvement and corporate citizenship are also Comcast hallmarks. Each year, for example, Comcast sponsors Comcast Cares Day during which employees work with community organizations in areas such as the Putnam Community Action Program, which provides a wide variety of assistance services to at-risk and low-income communities in Putnam County. Similarly, in addition to the groundbreaking Internet Essentials program, Comcast also partners with community organizations such as Big Brother/Big Sister and United Way to foster other worthwhile civic programs. With regard to employment and development, Comcast looks forward to partnering with New York State agencies and educational institutions to help match qualified individuals to the company’s job openings, and to the expansive deployment of Comcast’s veteran’s hiring program in the State.

4. **Enhanced Wi-Fi Hotspot Deployment**

Comcast is likewise a leader in the deployment of Wi-Fi hotspots, with a demonstrable commitment to mobility and responsiveness to customer demand. In fact, Comcast is on target to complete deployment of the company’s eight millionth Wi-Fi hotspot by the end of this year. Although specific determinations have of course not yet been made, Comcast’s leadership in this area is envisioned to positively benefit New York as the combined company expands upon the Time Warner Cable Wi-Fi footprint in the State.
5. **Improved Energy Efficiency**

Comcast and Time Warner Cable believe energy efficiency to be of great importance, and as a combined entity look forward to working with the Commission on its energy conservation initiatives. Time Warner Cable has, for example, worked with the New York State Energy Research and Development Authority (“NYSERDA”) on a number of projects relating to various Time Warner Cable facilities and equipment. Time Warner Cable is working with NYSERDA on the construction of a new data center associated with Time Warner Cable’s NaviSite subsidiary that will include a number of energy conservation measures, including in-row cooling, a water side economizer, energy efficient lighting, as well as energy efficient uninterrupted power supplies. In addition, in coordination with NYSERDA and as part of certain NYSERDA incentive programs, Time Warner Cable is installing various computer room air conditioners, upgraded switches with energy efficient cooling systems, as well as other energy efficient measures.

Comcast likewise is committed to energy efficiency. Comcast, for example, has added EcoSaver to its XFINITY Home platform, which is a cloud-based solution that can help customers reduce energy use and save money on utility bills. The EcoSaver service, paired with the XFINITY Home thermostat, learns the unique heating and cooling patterns of a home and makes automatic and incremental adjustments to the thermostat based on real-time weather data, the thermal characteristics of the house and the temperature preferences of the occupants. While the homeowner maintains full control over the thermostat, the system will over time adapt to user inputs to help reduce energy while keeping the home comfortable.

Comcast is also taking measures to reduce its own energy consumption. For example, at Comcast’s largest data center, new technologies draw on outdoor air to cool the center 71% of the year. And Comcast is increasingly handling requests in its data centers using server
virtualization technology, which requires less electricity and fewer physical server deployments to resolve issues. Comcast’s corporate headquarters building is also a testament to the company’s commitment to energy efficiency. This building is among the tallest LEEDS Gold certified buildings in United States. The second tower Comcast has announced plans for, the Comcast Innovation and Technology Center, is designed to attain LEEDS Platinum certification.

Both Comcast and Time Warner Cable have joined with other leading cable companies, equipment manufacturers, and energy advocacy groups in launching an historic set-top energy conservation agreement. When fully implemented across the industry, the conservation agreement will result in an estimated $1.5 billion in annual residential electricity savings and reduce carbon emissions by the equivalent of four power plants each year. Indeed, Comcast already meets some of the energy savings goals set out in the energy conservation agreement, as over 93% of the new set-top boxes Comcast purchased in 2013 satisfy the Environment Protection Agency’s ENERGY STAR 3.0 efficiency levels, already exceeding the 90% benchmark established in the agreement. Comcast expects the 2014 results to be even higher.

Comcast is also taking other measures to reduce the energy footprint of its services within the home. These include development of new cable modems with Wi-Fi built-in that eliminate the inefficiency of powering both a modem and wireless router, deploying home-networking solutions that limit the need for multiple DVRs, migrating program guide and DVR recording capabilities from the set-top box to the cloud (where energy can be efficiently managed on a shared basis), deploying over 20 million digital transport adapters that run on just four watts of power, and streaming cable services in IP to iPads, smartphones, and other customer-owned devices that do not require a separately-powered set-top box. Outside the home, Comcast has
successfully reduced the number of truck rolls by eight percent, saving fuel and reducing emissions.

6. **Improved Customer Experience**

Finally, as explained above, Comcast has tremendous operational and managerial experience as a cable operator and communications services provider. Customer service is a vital part of Comcast’s culture, business plan and strategy. Indeed, by combining Comcast and Time Warner Cable, their technological developments and know-how, along with Comcast’s solid balance sheet, history of investment, and track record of high quality services and innovation, the Time Warner Cable Subsidiaries will be well positioned to continue improving the customer experience today – while investing in meeting tomorrow’s challenges and needs. Furthermore, because the transaction will be conducted at the holding company level, it will be seamless to Time Warner Cable customers. The transfer of control will not require customers to change cable companies or carriers, or result in any assignment of authorizations.
VI. CONCLUSION

The proposed transaction will generate substantial public interest benefits for New York in a variety of areas, including core voice, video and broadband services, operations and offerings, intermodal competition, energy efficiency, and economic development. Comcast and Time Warner Cable respectfully submit that the public interest, convenience, and necessity will be furthered by grant of this Joint Petition, and respectfully request that such grant be provided on an expeditious basis.

Respectfully submitted,

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Dated: May 15, 2014
LIST OF EXHIBITS

EXHIBIT A – Pre- and Post-Transaction Illustrative Charts

EXHIBIT B – FCC Form 394
VERIFICATION

I, Lynn R. Charytan, state that I am Senior Vice President, Legal Regulatory Affairs for Comcast Corporation ("Comcast"); that I am authorized to make this Verification on behalf of Comcast; that the foregoing filing was prepared under my direction and supervision; and that the contents are true and correct to the best of my knowledge, information, and belief.

Sworn and subscribed before me this 3\textsuperscript{rd} day of May, 2014.

My commission expires 2/14/17.
STATE OF NEW YORK
CITY OF NEW YORK

VERIFICATION

I, Julie P. Laine, state that I am Group Vice President & Chief Counsel, Regulatory of Time Warner Cable Inc. ("Time Warner Cable"); that I am authorized to make this Verification on behalf of Time Warner Cable; that the foregoing filing was prepared under my direction and supervision; and that the contents are true and correct to the best of my knowledge, information, and belief.

[Signature]

Julie P. Laine

Sworn and subscribed before me this 14th day of May, 2014.

[Signature]

Sue Ellen Dockery
Notary Public

My commission expires 10-3-17.