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Re: Case 14-M-0183 – Comcast / Time Warner Cable Merger

Informational Forum - 6:00 p.m.

Public Statement Hearing - 7:30 p.m.

**** Please note this is a Preliminary transcript, subject to later edits when reviewed by the parties and the Administrative Law Judges assigned to the case.**

DEPARTMENT OF PUBLIC SERVICE

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Public Hearing on the Joint Petition of
Time Warner Cable, Inc. and Case 14-M-0183
Comcast Corporation for Approval

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90 Church Street - Fourth Floor
New York, New York

June 19, 2014
6:02 p.m.

ADMINISTRATIVE JUDGE:

The Honorable DAVID L. PRESTEMON

A P P E A R A N C E S:

For the Commission:

- AUDREY ZIBELMAN, Chair
- DIANE X. BURMAN, Executive Office
- PETER MCGOWAN, Chief Policy Advisor
- CHAD G. HUME, Director

SPEAKERS:

- MARK E. REILLY, Comcast
- DELARA DERAKHSHANI, Consumers Union
- SUSAN LERNER, Common Cause New York
- MARK MALASPINA, Computers for Youth
- MICHAEL J. SANTORELLI, Advanced Communications Law & Policy Institute

HOLLY VAN PELT
Reporter
LEX #104595

1
2 JUDGE PRESTEMON: Good evening, ladies and gentlemen, and
3 welcome to the Public Service Commission, case 14-M-0183. This
4 case involves a petition to the Commission of Comcast
5 Corporation and Time Warner Cable, Inc. seeking approval under
6 the Public Service law of the transfer of certain Time Warner
7 cable telephone systems, cable systems franchises and assets to
8 Comcast as a transaction that is commonly referred to as the
9 Comcast/Time Warner merger.

10 The proceeding to -- the proceeding tonight is divided into
11 two parts. First we have an information forum in which a
12 representative of Comcast will explain their proposal. This
13 will be followed by four individuals representing various
14 organizations who will discuss some of the public interest
15 issues involved or they believe are involved in the transaction.

16 My name is David Prestemon. I am an administrative law
17 judge with the Department of Public Service. With me here today
18 are Audrey Zibelman, chair of the Public Service Commission,
19 Diane Burman, commissioner. The two of them are two of the five
20 commissioners who will be ultimately making the decision in this
21 case. Also with me are Chad Hume, who is the Director of the
22 Department of the Office of Telecommunications, and Pete
23 McGowan, who is Chief Policy Advisor to the Commission.

24 Following the public statement or the information forum,
25 there may be some questions from the commissioners and the staff

1 here. Following the informational forum, we will move
2 immediately to a public statement hearing. The purpose of the
3 public statement hearing is to allow members of the public to
4 stress their views on this proposed transaction live and
5 in-person, and their comments will be transcribed, be included
6 in the transcript that will be before the Commission as part of
7 the record in this case. You should know that you do not have
8 to speak here in order to have your comments heard by the
9 Commission. The Commission accepts comments directly through
10 its website by going to the website and going to the case number
11 you can enter your comments directly there. You can also make
12 comments by sending an e-mail to the Commission secretary, by
13 calling the Commission's hotline or sending a regular old
14 letter. If you want instructions on how to do that or if
15 there's someone who couldn't be here that you think might want
16 to comment, we have a fact sheet here at the table. You can
17 pick it up there. That explains how you can submit your
18 comments. With that I think we can begin with the informational
19 forum.

20 Speaking for Comcast is Mr. Mark Reilly. He's a Senior
21 Vice President for Government and Regulatory Affairs for Comcast
22 Cable.

23 MR. MARK REILLY: Thank you, Judge Prestemon, Chair
24 Zibelman, Commissioner Burman, Mr. McGowan and Mr. Hume.

25 My name is Mark Reilly, and I'm Senior Vice President of

1 Government Affairs for the Northeast Division of Comcast. Thank
2 you for this opportunity to appear before you and the people of
3 New York to discuss the proposed transaction between Comcast and
4 Time Warner Cable.

5 The transaction will create a new world class
6 communications media and technology company, which will deliver
7 real benefits to consumers, businesses and public institutions
8 in the State of New York. Comcast is already a good corporate
9 citizen here in New York. Since acquiring NBC Universal in
10 2011, Comcast has added nearly 2000 new jobs and invested over
11 400 million dollars in the state. NBC Universal moved the
12 Tonight Show and production studios for Sprout, America's Got
13 Talent and other popular NBC networks and shows back to New
14 York. Comcast Ventures, the innovation investment arm of
15 Comcast, has opened centers in Silicon Valley and here in
16 New York, where we partner and invest in startups to launch new
17 businesses that will develop new technology, products and
18 services and create jobs. And Comcast offers competitive voice,
19 video and internet services to residential and business
20 customers in ten New York communities within Dutchess, Putnam,
21 Washington and Westchester Counties.

22 Through the transaction with Time Warner Cable, Comcast
23 will significantly expand its presence and investment in the
24 state, making next generation video, voice and broadband
25 services available to millions of New Yorkers. As a recognized

1 industry leader with solid financial capabilities and
2 technological expertise, Comcast will deliver better, more
3 reliable services that improve the quality of life of
4 New Yorkers. We will also continue to work with the Commission
5 and Department of Public Service staff to help ensure that the
6 transition is seamless.

7 Since many New Yorkers are relatively unfamiliar with
8 Comcast, I want to briefly describe some of the innovative and
9 improved services Comcast makes available to its customers and
10 how the transaction will bring these same services and other
11 significant benefits to consumers in New York. Although I
12 recognize that the Commission's jurisdiction is primarily over
13 video and voice matters, I will also touch on the faster and
14 more reliable broadband services that Comcast provides, as well
15 as Comcast's binding commitment to an open internet.

16 For residential customers Comcast will invest heavily to
17 upgrade Time Warner Cable systems across New York and transition
18 them to all digital more quickly than Time Warner could do on
19 its own. Comcast has already transitioned its systems to all
20 digital and is committed to investing more than 3 billion
21 dollars in further upgrades to our network over the next three
22 years. Comcast has the expertise and financial resources to
23 accelerate the conversion to all digital for Time Warner Cable
24 systems throughout the State of New York and across the country.
25 As Comcast customers have already experienced, all digital

1 systems will allow us to deliver next generation advanced video
2 and voice services, more programming choices, faster internet
3 speeds and significantly improved network performance,
4 reliability and security. More specifically, we will improve
5 customer experiences for Time Warner Cable video subscribers in
6 several ways. Comcast's revolutionary X1 operating platform
7 provides unmatched interactive TV functionality. Our live TV
8 streaming feature allows X1 customers to stream practically
9 their entire cable channel lineup, including must carry stations
10 as well as PEG channels to computer -- computers and mobile
11 devices throughout the home. XFINITY on Demand includes
12 approximately 50,000 programming choices, more than double that
13 of Time Warner Cable. It features the most current TV shows and
14 movies. These selections are available on and accessible on
15 multiple devices and over 80 percent free of charge. We also
16 offer an industry leading TV everywhere experience with access
17 to more than 300,000 streaming choices, including over five live
18 TV channels, and our recently launched XFINITY TV online store
19 allows customers to access new movies and TV shows weeks before
20 they're available on Blu-ray or DVD. The transaction will also
21 combine the best aspects of the two companies' existing voice
22 products, creating best in class voice services that will be
23 available to millions of New Yorkers. These offerings will
24 include a host of innovative features, including caller ID over
25 multiple devices and our new voice-to-go service that allows

1 customers to place calls over a Wi-Fi or data connection from
2 their Comcast assigned telephone numbers, and we will offer
3 multiple international calling options, so customers can reach
4 more countries at very competitive rates. Comcast is also
5 deeply committed to providing accessible solutions to consumers
6 with disabilities. Our goal is a smart home for everyone, where
7 accessibility is enabled across products and services regardless
8 of platform. For example, we're leveraging that same X1
9 platform, which is a cloud-based platform, to deliver the first
10 talking guide in the industry. The X1 remote controls include
11 soft keys that disabled customers can configure for quick and
12 easy access to the talking guides, closed captioning video
13 description as well as other features. We've also deployed a
14 readable voice net service, so deaf and hearing impaired
15 customers can access voicemail and convert that voicemail audio
16 into text. And our XFINITY connect mobile app is screen reader
17 enabled so blind and low vision users can access e-mail text and
18 other online services on tablets and smart phones. Comcast also
19 has a dedicated customer support team in our new accessibility
20 center of excellence. We're committed to extend the very best
21 accessibility features and support services, including those
22 developed by Time Warner Cable, across the combined company's
23 footprint. Comcast recognizes that improving customer service
24 is another critical issue. Comcast has invested billions of
25 dollars in network infrastructure, greatly improving service

1 reliability and reducing trouble calls. We will do the same
2 here in New York. We're also deploying innovative products and
3 features to make it easier and more convenient for customers to
4 interact with us. We offer one to two hour service appointment
5 windows, including evenings and weekends, and we're meeting
6 these appointments 97 percent of the time.

7 For those of you who didn't catch my comments the first
8 them, they are being repeated for you.

9 We offer more self-installation options so customers can
10 all install and innovate services without a service call, and
11 we've given customers access to the same diagnostic tools used
12 by our customer care agents, and now more than forty percent of
13 our customers are using these options to their benefit so that
14 they're able to control their products and services on their own
15 schedule. We've given our customers the ability to manage their
16 accounts online, on their mobile devices and even on their TV
17 screens. These tools have proven highly popular, and we expect
18 by the end of this year that more than half of our customers
19 will be using them to directly manage their accounts, and we've
20 made our billing practices more transparent and customer
21 friendly. Although there is still progress to be made, these
22 efforts are making a positive difference and beginning to change
23 some of the lagging perceptions in the marketplace.

24 Since 2010 Comcast has improved its JD Power overall
25 satisfaction score by more than any other video or broadband

1 provider in the industry. We will bring the same commitment to
2 improve customer service to consumers here in New York. For
3 business customers the combination of Comcast and Time Warner
4 Cable will create a stronger, more cost efficient provider for
5 New York businesses of all sizes. Comcast has helped thousands
6 of mom and pop businesses, from barber shops to delis, lower
7 their monthly voice and data costs. This has enabled these
8 small businesses to grow and add employees, and where Comcast
9 has made inroads to the business market, other providers have
10 responded by lowering their prices and improving their services.
11 The transaction will enable Comcast to combine the best of its
12 business offerings with those of Time Warner Cable, better
13 positioning the combined company to serve more small businesses
14 in New York, including some additional New York communities
15 where Comcast will be acquiring systems from charter
16 communications in related transactions.

17 In addition, by expanding our geographic reach, and
18 bringing those operations under the management of one company,
19 we will be able to offer regional and larger businesses
20 one-stop-shopping for seamless lower cost voice and data
21 services. For example, this will allow us to compete more
22 effectively for business customers that are headquartered in
23 New York City with locations around the state rather than having
24 to deal with two companies with different products and
25 offerings. These businesses will now be able to receive best in

1 class services from a single provider at multiple locations, not
2 only in New York, but in adjacent states as well currently
3 served by Comcast. This will bring greater competition to the
4 marketplace that is still heavily dominated by other providers
5 and help drive small, medium business growth and economic
6 development throughout the state. The greater geographic reach
7 and economies of scale resulting from the transaction will also
8 enable Comcast to offer expanded wholesale service to mobile
9 operators in the state, helping those mobile operators provide
10 greater bandwidth and lower cost services to their wireless
11 customers in New York. Greater competition for these various
12 business services, along with substantial improvements to video
13 and voice services for residential customers that I previously
14 described, will enhance economic welfare and benefit in New York
15 and for New York consumers.

16 Beyond improved performance and reliability for video and
17 voice services, the transaction will also significantly improve
18 customer experiences for broadband services. In existing
19 Comcast systems we have increased speeds thirteen times in the
20 last twelve years. We offer residential broadband speeds of up
21 to 505 megabits per second. By contrast Time Warner Cable has
22 not yet transitioned the majority of its systems in New York to
23 all digital and they offer speeds up to only 100 megabits per
24 second in limited areas, and as to the issue of speed, the FCC
25 released yesterday its measuring broadband in America report,

1 which found, again, that Comcast delivers more than its
2 advertised speed every hour of the day, even in peak hours in
3 the evening.

4 Comcast has deployed approximately 8 million advanced Wi-Fi
5 gateways in the home, giving our customers the nation's fastest
6 wireless speeds and excellent performance over their residential
7 wireless networks, and we now have 3 million public Wi-Fi
8 hotspots across the country, with plans to reach 8 million
9 beyond by the end of the year. This will allow our customers to
10 use their XFINITY internet service on-the-go in millions of
11 locations across the country. Time Warner Cable only recently
12 began on the advanced Wi-Fi gateways in its customers' homes,
13 and compared to Comcast's 3 million Wi-Fi hotspots, Time Warner
14 Cable has deployed approximately 29,000.

15 In short, approval of the transaction will not only bring
16 improved, more reliable internet service at home, but also
17 expanded internet access on the go, and because Comcast is the
18 only ISP in the United States that has agreed to be legally
19 bound by the FCC's original open internet rules, the transaction
20 will also extend those protections to Time Warner Cable
21 customers.

22 Comcast customers have responded very favorably to our
23 industry leading internet offerings as well as our next
24 generation video and voice products that I previously described,
25 so much so that our Triple Play package with all three services

1 is now our most popular offering, and more than two-thirds of
2 all of our customers across the country prefer two to three
3 product bundles to a standalone service of cable, voice or
4 broadband service.

5 In addition, for our highly acclaimed Internet Essentials
6 program, Comcast has made important progress in closing the
7 broadband adoption gap for low income families with a special
8 focus on school-aged children. Internet Essentials provides low
9 income households with broadband of up to 5 megabits per second
10 for 9.90 a month, the option to purchase an internet-ready
11 computer for under a hundred-and-fifty-dollars and multiple
12 options for accessing free digital literacy training in print,
13 online and in person. Comcast has already connected over 1.2
14 million low income Americans to the internet, more than any
15 program of its kind by any company anywhere in the United
16 States. The transaction will expand that program to low income
17 students and families throughout the Time Warner footprint,
18 including here in New York. The transaction offers other
19 important public benefits too. For example, Comcast will extend
20 its industry leading diversity programs and unique external
21 joint diversity advisory council to the acquired Time Warner
22 Cable systems, bringing greater diversity in governance,
23 employment, suppliers, programming and community investment.
24 Comcast will similarly extend public interest commitments from
25 the NBC Universal transaction, such as making local, diverse and

1 children's programming available on various platforms, such as
2 Video on Demand and TV everywhere. Comcast also has a proven
3 commitment to local communities and organizations. Since 2001
4 Comcast has invested over 3.2 billion dollars in cash and in
5 kind contributions supporting local nonprofit organizations and
6 other charitable partners. Beyond financial gifts, Comcast
7 shares its greatest resources, its people, in giving back to
8 local communities. Last year our employee -- our employees and
9 their families gave back in a day of service on Comcast Cares
10 Day and they contributed in one day more than 500 million hours
11 of -- half a million hours of service to improve schools, senior
12 centers and other vital community organizations. On top of all
13 of these significant benefits, and contrary to what some critics
14 say about reduced choice for consumers, this transaction does
15 not take away a choice for video, voice or broadband for
16 New Yorkers. Instead, this transaction takes one of the choices
17 that New Yorkers have today and transforms it. It transforms
18 that choice into a better video provider, transforms that choice
19 into a more robust IP-based voice provider. It transforms that
20 choice into a faster, more innovative broadband provider. In
21 short, one of the choices you have today becomes a better choice
22 tomorrow.

23 In closing, upon approval of this transaction, New Yorkers
24 can expect to benefit from next generation video technologies
25 with more program choices at home and on the go, best in class

1 voice products, enhanced competition for advanced business and
2 wireless back hall services and faster, more reliable and more
3 secure internet services, a commitment to greater broadband
4 adoption, diversity, accessibility and investment in local
5 communities and a laser-like focus on improving customer
6 service. As Comcast record from prior transaction demonstrates,
7 we are a company that not only keeps, but often over delivers on
8 our promises. Thank you very much for your time.

9 JUDGE PRESTEMON: Thank you, Mr. Reilly. Our next speaker
10 is Delara Derakhshani. Ms. Derakhshani serves as the Policy
11 Counsel in the Consumers -- the Washington office of the
12 Consumers Union where she is the lead advocate for the
13 organization's telecommunications, media and privacy efforts.

14 MS. DELARA DERAKHSHANI: Thank you all so much for having
15 me here today. My name is Delara Derakhshani, and I serve as
16 policy counsel for Consumers Union, the advocacy arm of Consumer
17 Reports Magazine. Consumer Reports is the largest independent
18 product testing organization with a mission to work for a fair,
19 just and safe marketplace. In addition to our testing of
20 national survey capabilities, we rate thousands of products and
21 services each year for more than 8 million of record. And as
22 part of our advocacy efforts, we engage in the dialogue of
23 consumers and work to protect them against practices, abusive
24 practices, in the marketplace. We appreciate the opportunity to
25 be here today.

1 This proposed merge is not in the public interest. Comcast
2 and Time Warner have made a number of promises about how this
3 deal will benefit consumers, but the reality is that this deal
4 would give Comcast enormous power and unprecedented dominance in
5 the marketplace. If the merger is approved, the company will
6 control over two-thirds of all cable television customers and
7 nearly forty percent of all high-speed internet customers in the
8 United States. The result would be higher prices, fewer choice
9 and worse customer service for New Yorkers and for consumers all
10 across the nation. To put it simply, this deal should be
11 rejected.

12 Consumers across the nation are already riddled with price
13 hikes and lousy customer service. Each year the cost of cable
14 continues to rise sharply, according to the FCC's figures, many
15 times the rate of inflation, and many consumers find themselves
16 having to buy larger and larger packages of expensive cable
17 programming just to get access to some of the programming that
18 they truly want, and in New York the story is no different.
19 According to recent press reports, the cost of standard cable
20 package, the required monthly rate to rent a set top box in
21 order to get your cable to work and the cost of internet service
22 all continue to rise in New York. And at the same time despite
23 the rising prices, consumers nationwide have told us that they
24 are dissatisfied with the service they are receiving from these
25 two companies. According to the latest reader survey by

1 Consumer Reports, Comcast and Time Warner Cable are among the
2 worst companies in customer satisfaction for TV service.
3 Comcast ranked 15th among seventeen television service providers
4 included in the ratings and earned particularly low remarks for
5 value for money and customer support. Time Warner Cable ranked
6 16th overall for television service with particularly low
7 ratings for value, reliability and phone and online customer
8 support. It's hard to see how combining these two companies
9 that already have a poor track record with consumers would
10 somehow improve the situation for customers here in New York or
11 anywhere else. To the contrary, combining these two companies
12 would give the merged entity an even larger national presence,
13 more market power and less of an incentive to address consumers'
14 needs. I have just described to you an industry in which
15 consumers are stuck with rising bills, limited in their choice
16 of providers, have to pay monthly subscription fees for large
17 packages of content, some of which they may not even want, and
18 endure frustrating experiences with customer service. At
19 Consumers Union we've engaged in a dialogue with consumers who
20 will be most impacted by this merger, and they've told us
21 exactly how they feel. In April of 2014, just recently, in a
22 nationally representative survey, we found that most Americans
23 are opposed to the proposed merger between Comcast and Time
24 Warner Cable. Our poll showed that only eleven percent support
25 this merger, while fifty-six percent opposed it with another

1 thirty-two percent with no opinion on the deal. Large majority
2 of the consumers agree that this deal will hurt them by leading
3 to higher prices, fewer choices and a reduced incentives to
4 provide good customer service. Specifically seventy-four
5 percent believe there will be price hikes. Seventy-four percent
6 were concerned that smaller cable companies -- smaller companies
7 wouldn't be able to compete, and two-thirds believed that
8 Comcast will have little incentive to improve customer service.
9 Not only that, but more than half, actually, thought that
10 customer service would get worse.

11 Consumers were also skeptical about the benefits that would
12 occur to them in the deal. Only sixteen percent believe that
13 Comcast will pass along any proposed benefits or any
14 efficiencies that they may -- that may result from the deal,
15 resulting in actual benefits to them, and only twelve percent of
16 Americans overall believe that mergers like this are actually
17 good for the economy. But furthermore, right here in New York,
18 we've received hundreds of complaints which are on file with our
19 organization. I wanted to recount just a couple of them that I
20 think really highlight the type of experiences and frustrations
21 that consumers are experiencing. For example, Barbara P. from
22 New York who pays \$127 a month for Time Warner service said to
23 allow this merger to take place is to allow the lowest rated
24 cable providers to merge. Let each company work on improving
25 service to existing customers before even thinking about

1 mergers. And Alfred W. of Brewster, New York, who is a Comcast
2 customer, noted that every time he makes a complaint, it's met
3 with efforts to up-sell on equipment. He said the latest is
4 that I was told unless I upgrade, they won't come out to see me
5 to tell me what's wrong, even though it's the same problem with
6 their wiring that has occurred for about twice a year now for
7 the last ten years. And finally one last example, Ted V. of
8 Mendon, New York is a Time Warner customer who pays \$175 a
9 month, and he expressed to us his feeling that the lack of
10 competition in Rochester, in the Rochester, New York area,
11 results in higher prices for broadband services that perform at
12 lower speeds than in areas where there is actually competition.

13 So before I conclude my remarks, I'd like to mention that
14 our organization is also very concerned about the issue of net
15 neutrality in maintaining an open internet, the concept that
16 internet service providers should treat online content equally.
17 The FCC is currently considering new net neutrality rules that
18 may enable internet service providers to sell preferential
19 access to content providers who are willing to pay for it, and
20 this would give Comcast, especially after this merger, new power
21 to play favorites among websites and services and to control the
22 quality, speed and availability of programming. This merger
23 would only further increase the concerns we have about net
24 neutrality.

25 In conclusion, I thank you very much for the opportunity to

1 speak with you -- before you today, and I'd be happy to answer
2 any questions.

3 JUDGE PRESTEMON: Thank you, Ms. Derakhshani. Our next
4 speaker is Susan Lerner of Common Cause New York. Ms. Lerner is
5 the Executive Director of Common Cause New York. Has been an
6 activist for over years -- over thirty years. She speaks and
7 writes extensively on, among many other subjects, media and
8 democracy issues.

9 MS. SUSAN LERNER: Thank you very much for that kind
10 introduction. Common Cause New York is a leading force in the
11 battle for honest and accountable government, and Common Cause
12 nationwide has a national media and democracy reform initiative,
13 which is aimed at spotlighting and countering the growing
14 political and economic power of the communications industry.
15 Here in New York we've taken active positions on
16 telecommunications and other media matters, ranking from the
17 Verizon FIOS contract here in New York City, internet access in
18 New York City parks, to oversight of cable franchise agreements,
19 just among a few. We have worked with a broad range of groups
20 throughout the state on media and telecom matters, and I'm very
21 grateful to the Commission for holding this public forum and
22 also for the opportunity to discuss the proposed Time Warner
23 Cable merger, the Time Warner purchase by Comcast.

24 At Common Cause we're very grateful for the recent change
25 in New York State law, which sets what we believe is an

1 appropriate standard requiring that the proposed merger be in
2 the public interest in order for it to be approved. We believe
3 strongly along with our coalition partners Consumers Union and
4 several groups which are here today, that this proposed
5 acquisition simply cannot meet that standard and should not be
6 approved by the Public Service Commission. We're concerned with
7 the negative impact which the formation of such a huge entity
8 will have on what is the necessary vigorous marketplace of ideas
9 that's essential for the well functioning of our democratic
10 system, the ability of a really colossal entity to play
11 favorites and unfortunately, the experience in other
12 marketplaces and as a result of other mergers leads us to
13 conclude that Comcast, unlike its very smooth presentation here
14 today, actually has predilection for playing favorites and for
15 using its market power. The FCC has found that it has, in at
16 least one instance, violated the merger conditions for the
17 Comcast/NBC merger in a move having to do with its cable TV
18 lineup which negatively impacted its competitor, Bloomberg TV,
19 and placing Bloomberg TV very high up in the lineup, keeping it
20 out of the really popular area of the channel lineup in order to
21 advantage its own business network subsidiary, MSNBC, and the
22 FCC has ordered it to make a change in that regard. We believe
23 that there are other anticompetitive practices which Comcast has
24 used its market power to engage in. Comcast has set, when it
25 was forcing a data cap situation on its customers, it chose to

1 exempt its own Video on Demand services from the cap charge,
2 from the cap that consumers were facing, but counted the
3 downloads of its competitors towards that cap, what we believe
4 is clearly an uncompetitive practice, anticompetitive practice,
5 and we believe probably also violates the terms of the
6 NBC/Comcast merger.

7 So really -- let's see. We're also concerned with the
8 increased political power which an entity of this size and this
9 degree of resources would have here in New York State. Telecom
10 companies, Time Warner among them, are among the largest
11 spenders on lobbying and significant campaigning contributors,
12 and in fact last year we at Common Cause New York filed a -- we
13 issued a report in our influential Moreland Monday series where
14 we suggested to the Moreland Commission on corruption, that they
15 should look seriously at the political spending by the telecom
16 industry because of the way in which we believe it influences
17 public policy often not to the public good. We can look at
18 other jurisdictions to see the way in which Comcast behaves as a
19 public citizen and the significant anti-regulatory, anticonsumer
20 measures, which it relentlessly pushes and states throughout the
21 country; North Carolina and South Carolina being an example,
22 recent example, where its efforts, along with other industry
23 giants, to some municipal broadband services was successful and
24 its continuing effort so far unsuccessful in Kansas and Utah
25 this year to stop municipalities from providing affordable

1 access to broadband when they believe that their citizens would
2 benefit from a municipal system.

3 I'd also like to point out in terms of the competitive
4 marketplace that is very interesting that Univision recently has
5 spoken out against this merger because it believes that it has
6 been discriminated against, similarly to the way which Bloomberg
7 TV has been discriminated against by Comcast, which uses its
8 market power.

9 And finally I'd like to -- well, actually, not finally, I'd
10 like to talk a bit about the business climate here in New York
11 City and the investment which New York City and other areas of
12 our state have made in fostering a climate for tech innovation
13 and internet startups. Some of you may have seen an interesting
14 map which appeared on the New York Times website in the last
15 week or so that actually shows the various areas of the city in
16 which you have clusters of tech startups of which are an
17 expanding number, and the city has invested quite a bit in
18 encouraging tech startups with the idea of now fostering
19 something called Silicon Alley here in New York City, and of
20 course you're familiar with the concept of the tech valley in
21 the capital and surrounding regions, and Buffalo now has joined
22 in and is trying to become a tech innovator as well. We are
23 very much concerned about Comcast pricing practices as far as
24 broadband access is concerned for businesses and for others. We
25 understand that Comcast has indicated that it will impose a

1 regional pricing structure here, and many of the broadband
2 services in other states are priced at a much higher price point
3 than either freestanding broadband or packages here in New York
4 State. This could have an immediate deleterious impact on the
5 government policies which seek to encourage tech startups and
6 entrepreneurships here in New York, and I apologize that there's
7 a typo in my written testimony. When I refer to fifty percent
8 of the workplace being made up of freelancers and self-employed
9 people, it's actually thirty percent made up of freelancers and
10 self-employed, but I think we see it very, very directly here in
11 New York City, and people who have the need for reliable,
12 affordable individual broadband. A graphics designer who works
13 at home, a video editor who works out of their apartment, may
14 not be in an area where you would expect to have a high-speed
15 broadband, and they're probably not buying a business package,
16 but they would be getting a residential package, now we believe
17 most likely more highly priced by Time Warner making it more
18 difficult. Eighty-five percent of the businesses in New York
19 are small businesses. Many of them survive because of their
20 access to the internet. Certainly many small retailers find it
21 absolutely essential to supplement their in-store purchases with
22 e-commerce, large amounts of information which have to be
23 uploaded and downloaded. What impact is a data cap going to
24 have on those business? We suggest it's going to be negative,
25 and we're very concerned about that, because as everybody points

1 out, small business is the engine of our economy, and our
2 economy is sputtering at the moment, and anything which adds
3 hundreds of dollars to monthly costs for small businesses is
4 simply a burden which we should resist very rigorously.

5 Finally, I'd like to talk a little bit about the
6 Internet Essentials program, and just to say that it's -- that
7 it's always interesting to follow an industry spokesperson who
8 paints a very, very rosy picture and to wonder why it is that
9 there is such an extraordinary disconnect between the wonderful
10 programs that they outline and the source of consumer responses
11 that my colleagues at Consumers Union are finding, and
12 unfortunately the situation with Internet Essentials is all too
13 similar; a very different world view from the provider of the
14 idea and the people who actually are supposed to benefit from
15 it. It's a good idea as far as it goes, but we are concerned
16 with a number of different aspects. Number one, given the
17 really substantial problem of the digital divide, why limit it
18 to families with school-aged children and not only families with
19 school-aged children, but only families who qualify for the free
20 lunch program? In discussions with our high school interns,
21 they tell us that only a small percentage of their school
22 population actually qualifies for the free lunch, and yet the
23 schools find that significant numbers of students need
24 assistance. But what about low income seniors? What about low
25 income people living on their own, families without children who

1 need internet services and who are unable to afford them or for
2 whom they're just not available? We hear from our colleagues in
3 other states that there are significant barriers to taking
4 advantage of Internet Essentials. It's already a program which
5 is targeted at a very limited population, and the population
6 within that limited number is already further limited by
7 barriers which Comcast places in front of advocates, and the
8 fact that this program that they talk a lot about to regulators
9 and to the press has such a low participation rate in the target
10 population really raises questions about their followthrough.
11 It's very easy, it's great to announce a good program with
12 fanfare and to brag about it to regulators. It's a lot harder
13 to sustain the program and to make it really attractive to the
14 people that it should be benefitting, and so the explanation and
15 the actual real world experience just does not jive, and
16 unfortunately, when we look at Comcast performance with other
17 mergers in other jurisdictions and with other programs, we see
18 too stark of a difference between what they promise that they
19 will deliver and what they actually deliver when the rubber hits
20 the road. So we believe that there are significant problems
21 here, and we believe that simply conditioning the merger is not
22 going to solve our concerns based on the experience we see in
23 other jurisdictions and with earlier mergers. Here in New York
24 we have the advantage of being able to see how Comcast actually
25 performs in the real world after other merger conditions and in

1 other jurisdictions, and we believe that their performance
2 raises real concerns, and we think that once the record is fully
3 established in this proceeding, that it will not support a
4 finding that this merger is in the public interest. Thank you.

5 JUDGE PRESTEMON: Thank you very much, Ms. Lerner. Our
6 next speaker is Mark Malaspina, president of Computers for
7 Youth. Mr. Malaspina oversees the nationwide program of
8 innovation and implementation for Computers for Youth, including
9 the organization's school-based programs to help low income
10 families adopt and use broadband effectively to support their
11 children's educational success.

12 MR. MARK MALASPINA: Good evening. We appreciate the
13 opportunity to contribute our insight as the New York State
14 Public Service Commission evaluates the potential merger of
15 Comcast and Time Warner Cable. CFY does not take an official
16 position for or against the potential merger of Comcast and Time
17 Warner Cable. Instead, the purpose of our testimony is to focus
18 on a very important merger consideration. How exactly would
19 Comcast operationalize its commitment to provide essential low
20 cost broadband service to low income families in the Time Warner
21 Cable service area in New York State? In its existing service
22 areas, Comcast operates the Internet Essentials program, which
23 provides eligible low income families with opportunity to obtain
24 low cost broadband service and refurbished computer. We believe
25 that Internet Essentials has strong potential to benefit low

1 income families, but we recommend three important improvements
2 to Internet Essentials if it is rolled out in a Time Warner
3 Cable service area; first, to implement innovative outreach
4 strategies involving schools and teachers. Second, to avoid
5 enrollment obstacles, and third, to support continued enrollment
6 by the families.

7 Before discussing these recommendations, I'd like to
8 provide some background about CFY's experience in helping low
9 income families adopt broadband service. Founded fifteen years
10 ago, CFY helped low income children succeed academically by
11 enabling their families and teachers to leverage the power of
12 digital learning and personalized instruction and driving
13 students' self-directed learning. We have directly served more
14 than \$60,000 students in high poverty schools across the
15 country, involving schools also across the five boroughs of New
16 York City. Our approach has two components. First of all, we
17 provide students and their families with home learning
18 technology and hands-on training in using technology to support
19 student learning. After receiving training families receive
20 title to home learning centers, which are refurbished laptops or
21 desktops, pre-imaged with Microsoft Office and educational
22 software across the whole subject area. We also provide
23 families with information about broadband enrollment, including
24 details of any available broadband discount program. Secondly,
25 we provide teachers with professional development workshops and

1 consulting to help them implement the learning practices that
2 engage students effectively in the classroom and extend learning
3 to the home. We also inform teachers about the broadband
4 signup process so that they can motivate and encourage families
5 to enroll.

6 Based on our experience, CFY was chosen as the lead program
7 partner for two large federally funded initiatives designed to
8 increase and sustain home broadband adoption among low income
9 families in New York City from 2010 to 2013. Through these
10 programs, CFY served a total of more than 27,000 families across
11 more than eighty high poverty schools in all five boroughs. The
12 programs were funded primarily by the U.S. Department of
13 Commerce and operated by the New York City Department of
14 Information Technology and Telecommunications and the New York
15 City Department of Education. Through our rolling survey work
16 with families prior to program implementation each year, we
17 found that approximately fifty percent of families did not have
18 home broadband before they received the program. This lack of
19 home broadband was a serious issue both for the affected
20 families and for the entire school community. In order to
21 derive broadband adoption among these families, CFY implemented
22 our standard program components for families and teachers. We
23 also implemented innovative discounted broadband programs with
24 two local broadband providers, Time Warner Cable and
25 Cablevision. We negotiated the best terms we could with each

1 provider, and memorialized those terms in a signed agreement
2 with each provider in which the provider committed to offer the
3 discount for the life of the federally funded initiative and to
4 ensure a five year discount for all families that enrolled. We
5 set up a comprehensive system to enable families to sign up for
6 the broadband discount through an online system, and we provided
7 multilingual staff support to help families move through the
8 entire enrollment process all the way from initial application
9 to installation. More than eighty-six percent of the New York
10 City families who initially did not have home broadband prior to
11 the program, successfully subscribed to home broadband after our
12 program implementation. Some of the families enrolled in these
13 discount broadband programs and others enrolled in market rate
14 broadband programs either with these providers or other
15 providers. We believe we have gained some important insight
16 into the challenges and solutions of driving broadband adoption
17 among the low income families. We believe that Comcast Internet
18 Essentials program is a promising initiative, but we have three
19 program recommendations based on our experience in New York City
20 and other regions; first, to implement innovative outreach
21 strategies involving schools and teachers. In our experience
22 schools and teachers are very important agents of change in
23 driving broadband adoption among low income families. Families
24 generally have a good level of trust in schools and individual
25 teachers. Moreover, school leadership understands the

1 importance of broadband for their students' learning and
2 teachers are highly motivated to serve as partners in the family
3 broadband adoption process, so that they can adopt
4 internet-based instructional strategies that extend learning
5 beyond the limited classroom time. We found that teachers were
6 essential partners for us in encouraging families to attend our
7 workshops and enroll in broadband, and we attribute much of our
8 program success to the fact that we work closely with schools
9 and teachers in implementing the program. Based on this
10 experience, we encourage Comcast to explore ways in which they
11 can coordinate with schools and teachers in supporting low
12 income families. Strategies could include A, sponsoring
13 school-based workshops for families to learn how they can
14 support their children's learning and understand the benefits of
15 enrollment, and B, providing teachers in Comcast service areas
16 with Internet Essentials information that they can provide to
17 those families who do not have broadband at home. Our second
18 recommendation is to avoid enrollment obstacles. Through our
19 work in New York City, we believe that it is important to
20 consider three important obstacles that can face New York State
21 families who seek to enroll in Internet Essentials. One very
22 important obstacle is home language. Many of the adults of the
23 families we serve are native speakers of languages other than
24 English and have limited English ability, and we found these
25 families needed significant hands-on, multi-language support in

1 order to move successfully through the application enrollment
2 process. It will be critical for Internet Essentials to fully
3 support families with a range of home languages, not just
4 Spanish, in order to meet the needs of families in New York
5 State. A second obstacle is ineligibility based on recent
6 service. Our understanding is that Internet Essentials is not
7 open to families who have subscribed to Comcast internet service
8 within the last ninety days. Our agreement with Time Warner
9 Cable did not contain those restrictions, and we think the
10 restrictions would create unnecessary obstacles for families.
11 We recommend that the unrestricted approach that we negotiated
12 with Time Warner Cable be considered via the Internet Essentials
13 program as well. A third obstacle is ineligibility based on
14 prior arrears. Our understanding is that Internet Essentials is
15 not open to families with an overdue Comcast bill or unreturned
16 equipment. Although we fully understand the motivation behind
17 this policy, we recommend that these rules be reconsidered based
18 on our experience with Cablevision and Time Warner Cable. Per
19 our agreement with Cablevision, Cablevision did not permit
20 families to enroll in the discount program if they had any
21 previous bill that was forty-five days past due. We found that
22 this rule posed a very significant obstacle for enrollment, as
23 many families were either unable to pay off the arrears or other
24 families seemed to lose trust in the entire program as they came
25 to view the entire discount program as a rouse to get them to

1 pay up pass debts. On the other hand, Time Warner Cable agreed
2 to a more accommodating approach in which families could enroll
3 even if they had a past due bill based on services or unreturned
4 equipment of up to \$300. Moreover, Time Warner Cable fully
5 forgave any past due bill of up to \$300. This policy posed
6 substantially less of an obstacle to families in the Cablevision
7 program and it built the families' confidence that the program
8 was not a debt collection vehicle in disguise. Third, support
9 -- our third recommendation is to support continued enrollment.
10 It is important that low income families are supported not only
11 in adopting discounted programs, broadband, but also in
12 continuing to be enrolled in discounted broadband over time. In
13 other words, the measurement of program success should be total
14 adoption over time, initial adoption plus retention, not just
15 initial adoption. One important issue related to continued
16 enrollment is residential mobility. Because rates of
17 residential mobility among low income families are often high,
18 it is important that families receive support and guidance on
19 retaining discounted broadband services if they move. The
20 broadband providers with whom we worked in New York City did not
21 have defined protocols for supporting families who moved, and
22 often we had to support families to request discounted service
23 in the new location without going through the entire eligibility
24 review process all over again. Based on our experience, we
25 recommend that the Internet Essentials program incorporate

1 effective protocols for supporting low income families if such
2 protocols are not already in place.

3 A second important issue related to continued enrollment is
4 ineligibility based on modified service. We know that a portion
5 of families who initially enrolled in the Cablevision and Time
6 Warner Cable discount programs upgraded their service, eg,
7 paying market rates for faster speed, and then later decided to
8 go back to the discount program when their economic
9 circumstances changed. It was very important for families to
10 have this flexibility without becoming ineligible for the
11 discount program. We, therefore, recommend that the following
12 language in the Internet Essentials' terms and conditions be
13 reviewed and potentially modified, as it appears to indicate
14 that families who upgrade their service may be rendered
15 ineligible for Internet Essentials going forward. Quote,
16 program participation also may be terminated if the covered
17 service is upgraded, altered or changed by you for any reason,
18 end of quote.

19 To summarize, we are passionate believers in the power of
20 technology to support learning, and we believe that Comcast's
21 Internet Essentials program offers tremendous potential to
22 support low income families.

23 Thank you for the opportunity to share our thoughts about
24 how the Internet Essentials program could be even better if it
25 were to roll out in Time Warner's Cable's current services area.

1 Thank you.

2 JUDGE PRESTEMON: Thank you, Mr. Malaspina, and our final
3 speaker tonight is Michael Santorelli. Mr. Santorelli is the
4 Director of the Advanced Communications Law and Policy Institute
5 at New York Law School, where he also serves as an adjunct
6 professor affiliated with the school's Institute for Information
7 Law and Policy. As an ACLP director, Mr. Santorelli oversees
8 the program's many research and writing efforts, a major
9 component of which involves the examination of the array of
10 broadband and technology policy issues impacting New York City
11 and New York State.

12 MR. MICHAEL SANTORELLI: Thank you, Judge and Chairs,
13 Commissioner Burman, Mr. Hume, Mr. McGowan. It's a pleasure to
14 be here tonight.

15 First and foremost, I appreciate the Commission leading by
16 example on its energy efficiency initiatives with the conditions
17 in here. So I thank you for that.

18 CHAIR ZIBELMAN: I was going to say, given the lateness of
19 the hour and our appreciation that you're all here, if you all
20 want to get casual and take off your jackets, we won't mind,
21 including the folks up here.

22 JUDGE PRESTEMON: I'll lead the way.

23 CHAIR ZIBELMAN: Let's lead by example.

24 JUDGE PRESTEMON: Anybody that's still got their suit coat
25 on is just being stiff.

1 CHAIR ZIBELMAN: You're already getting us to change our
2 minds.

3 MR. MICHAEL SANTORELLI: So thank you very much for the
4 opportunity to participate in this forum. I'm really honored to
5 be here and contribute to these very important discussions.
6 Before I start, I just want to note up front that I'm here in my
7 individual capacity studying these issues involved in this
8 discussion, and someone who's benefitted immensely from the
9 wisdom of stakeholders, public policyholders, et cetera, and the
10 public not-for-profit and private sectors, and I'm also here as
11 a lifelong resident of New York, and I also wanted to note up
12 front, for what it's worth, law school has been supported by a
13 wide range of firms in the technology space firms, individuals,
14 foundations that have over the years included firms like
15 Microsoft, Google, Comcast, Time Warner, foundations like Ford,
16 McArthur, Mozilla, Rockefeller. So I want to put that out there
17 for whatever it's worth, but my comments here today are my own.

18 Broadband is really critical to New York City and New York
19 State, so much so that I just wanted to acknowledge that the
20 mayor's counsel, Maya Wiley, is in the audience, who is focused
21 on these issues is really doing some interesting work
22 spearheading around broadband, the critical nature of broadband,
23 I think it increasingly goes without saying because it has the
24 potential to positively impact every person who uses it, every
25 senior citizen, every person with disability, every student,

1 every parent, every teacher. It also has the ability to
2 transform every sector and area institution that it touches, and
3 that's what makes it such a powerful unit of technology, that it
4 has the ability to fundamentally re-orient the entire sectors
5 and level the playing field for users. A few years ago our
6 program at the school issued a report that assessed the impact
7 of broadband on New York. In that paper we examined the broad
8 array of benefits that high-speed internet access is delivering
9 or is poised to deliver in key parts of the New York economy and
10 in key communities. The analysis included, the paper included
11 data and analysis that tracked a growing mountain of data that
12 have been merged in recent years supporting the basic conclusion
13 that broadband, when effectively harnessed, has a range of
14 measurable and unmeasurable impacts on users, many of which
15 differ from community to community and from sector to sector.
16 For older adults, for example, broadband connectors for seniors,
17 especially those who are isolated, feel more relevant and
18 connected. For people with disabilities it enables a universe
19 of accessible content and tools that facilitate a range of
20 opportunities. For students it delivers more targeted learning
21 opportunities. It connects parents with teachers and a growing
22 number of instances leads to better outcome. For residents and
23 businesses in rural communities, broadband, you know, that
24 portion of New York that's above the Bronx, broadband also
25 serves as a connector to resources that might not immediately be

1 available, and as a vehicle for delivering critical healthcare
2 and education services, and the list of benefits and impacts
3 goes on and on, expands every sector in the state. And as a
4 result, public awareness of these benefits is increasing in kind
5 as more and more people go online and use their connections to
6 meet their individual needs, and for a public policy standpoint,
7 the emergence of broadband has an impactful and versatile tool
8 to become essential to short term and long term economic
9 development planning. All of its many uses and benefits work in
10 concert with effort to position the state as a leader in
11 technological innovation, be it in producing semiconductors,
12 conducting cutting edge scientific research or serving for
13 high-tech startup, but realizing the many possibilities of
14 broadband is incredibly hard work. These efforts are bigger
15 than one company or one merger. To get to where we as a state,
16 as a community need to be requires concerted, collaborative
17 action to figure out the best most sustainable way for, to these
18 ends, Governor Cuomo in particular extended his vision and his
19 leadership on these issues. His administration has been
20 extremely proactive not only on setting goals, but also
21 deploying a diverse, array of programs and initiatives that
22 constitute an all-of-the-above strategy for broadband throughout
23 the state. His administration, for example, has committed tens
24 of millions of dollars in funding, more than any state of the
25 country, to seed the public private partnerships to support

1 deploying broadband to areas of the state that remain
2 underserved. The governor has launched an ambitious program,
3 Stark New York, to lure new businesses to the state. Robust
4 availability of broadband is increasingly essential to those
5 efforts, and the state is poised to vote in small on the smart
6 school bond initiative that promises to, among many other
7 things, technology and restructuring schools around the state,
8 and through agencies like Broadband Program Office, the state
9 has emerged as a true leader in developing the effective
10 technology neutral strategies that are tailored to work with a
11 hugely diverse array of communities and geographies and
12 demographics in the state.

13 So in short, progress is being made on all fronts. Gaps in
14 availability are being reduced. The broadband adoption rate is
15 slowly inching up. Startups and other technology-focused
16 businesses are choosing New York as their home, but challenges
17 certainly remain. Tens of thousands of households in the state
18 remain unserved or underserved. Many of these households are
19 difficult to reach, making them uneconomically served in the
20 absence of some sort of public funding element, like Connect New
21 York. There are also challenges associated with fostering
22 continued innovation and competition among all the firms under
23 broadband, and especially those providing internet access
24 service via cable, fiber, DSL, fixed wireless, mobile,
25 satellite. Each of these platforms has played a key role in

1 bringing broadband to some part of the state, and in likelihood,
2 they will continue to play key roles to bringing broadband to
3 certain parts of the state. And there are also enormous
4 challenges related to promotion continued adoption of broadband
5 and ensuring that we just have the skills needed to put their
6 connections and their broadband-enabled devices to meaningful
7 uses. All of this should serve as the foundation for what we
8 think of as the public interest in the context of discussions
9 about broadband in New York. The public interest here revolves
10 around the ability of all stakeholders to align resources in
11 every sector of an internet community around shared goals for
12 broadband connectivity. The key question to ask them, of any
13 proposed transaction or program or initiative is whether it will
14 make us better off, whether it is worthwhile to shake up the
15 status quo in an effort to overcome barriers that might be
16 impeding further progress. So as a general notion, if the
17 actions of a particular entity clash with these ideals, then
18 it's fair to say that they're not acting in the public interest,
19 but if they do things or commit to doing things that address
20 these many challenges, then we should say that they are acting
21 in the public interest. In the context of this particular
22 transaction and any major transaction for that matter, it's very
23 tempting and very easy to be cynical about perceived motives for
24 possible outcomes. It's also tempting to look at this proposal
25 through a very broad lens, when in fact we the public of

1 New York need to look at this from the perspective of whether
2 this transaction or, again, any transaction or program or
3 initiative will help to realize our goals, New York's goals for
4 broadband, and so it's critical that we keep all of this in
5 perspective. It's sometimes tempting to look at this merger as
6 a microcosm or a proxy for all the other big macro issues that
7 are being debated, and certainly those debates are an outcome to
8 impact every firm throughout the ecosystem, including the ones
9 at issue here today, as well as consumers throughout the
10 country, but those battles are best fought in other forums
11 because mergers are just not the best way to make lasting
12 policy. But nevertheless, this process that we're involved in
13 here today affords many opportunities for us, the public, to ask
14 some tough questions about whether the proposed transaction will
15 operate in our interest and will make us as a state better off.
16 Unfortunately, there's no formula that exists to provide us with
17 a definitive answer one way or the other, but again plug in a
18 bunch of data and have it spit out a result. But there are a
19 lot of relevant inquiries that we can and -- that can and should
20 be made, and the answer to which should inform this particular
21 discussion. Foremost, among these is whether the transaction
22 would contribute to helping us as a state realize poorer goals
23 for broadband connectivity on both the supply side and the
24 demand side, our proposed commitment of resources and efforts to
25 leverage scale enough to assist in improving assisting networks

1 throughout the state and building out new ones and in helping to
2 close stubborn digital divide.

3 There's much data in the public filings and in the public
4 statements and elsewhere to suggest that the transaction would
5 in fact yield more benefits and cost on these points. Another
6 question to ask is how this transaction might impact businesses
7 of all sizes. Will they and their employees be better off?
8 Will the transaction bolster state efforts like Startup New
9 York, help to fuel more startups and attract new businesses to
10 the state? Again, there's evidence to suggest that it would,
11 that it would likely support efforts to improve network
12 infrastructure for businesses of all sizes. And what about here
13 in New York City? If the transaction were to go through, would
14 the newly formed entity be able to catalyze further innovation
15 to help to spur industry, to help to increase investment in the
16 city's increasing essential startup space? Would those proposed
17 actions align with state and local goals supporting community
18 growth in key sectors in otherwise diverse buying economic
19 activity? Again, there's evidence to suggest that it will in
20 fact yield better outcomes and continuing forward with the
21 status quo. New York City in particular is well positioned to
22 benefit for impossible leveraging existing assets here, like NBC
23 and Comcast Venture Funding Arm, all of which could assist it,
24 the newly formed company, and immediately establishing it as a
25 partner to helping New York City and potentially other cities

1 throughout the state cement its reputation as a hub for high
2 tech innovation.

3 And finally, on an issue that's near and dear to me, is
4 broadband adoption. What about broadband adoption? Is Internet
5 Essentials what it's cracked up to be, and we've heard some
6 varying perspectives here, but leaving aside criticisms about
7 alleged shortcomings in program eligibility criteria and other
8 aspects, there's substantial evidence to suggest that the
9 program's effective in connecting unconnected low income
10 community members and working to ensure that they are digitally
11 ready. One million new internet users is an impressive number,
12 one million people who are aligned who probably would not be
13 aligned but for program. In having studied and written about
14 the program in isolation and as part of sort of analyses of
15 other adoption programs, I truly believe that it could have an
16 enormous impact in New York, and especially here in New York
17 City, which has some of the largest school districts in the
18 nation, and what makes it even more exciting, and Mark touched
19 on this in his testimony, is that New York City and New York
20 State is already home to just a broad array of really great
21 digital literacy groups, like News For You, Computers for
22 Children, testified at a previous hearing, so many others here
23 in the city and the state, and I imagine that all those groups
24 would be very eager to partner with Comcast via Internet
25 Essentials or some other program or some other way to come up

1 with just some really creative solutions to this really endemic,
2 entrenched, complex problem on the demand side.

3 So in closing, I wanted to reiterate the importance of
4 keeping these discussions in proper context. Doing so allows
5 for more merit-based evaluations that revolve around a
6 relatively simple metric of whether transactions or any effort
7 implicating broadband in New York will or will not on the whole
8 help to move the needle on core goals for this vital technology.

9 Thank you again for asking me to contribute. I look
10 forward to any questions that you might have.

11 JUDGE PRESTEMON: Thank you, Mr. Santorelli. That was our
12 final speaker in the information forum. We now have an
13 opportunity for the commissioners and members of the Department
14 staff to ask any questions of the speakers they may have. If
15 there is a question directed to you, you can probably just use
16 one of these microphones at the stand here, but I believe first
17 I believe Chair Zibelman has a comment.

18 CHAIR ZIBELMAN: Just a comment. First of all, I wanted to
19 thank everybody for attending this, the speakers, as well as the
20 audience.

21 AUDIENCE SPEAKER: All your microphones, they muted.
22 Everybody mumbles. They're very low. All of them are low.

23 CHAIR ZIBELMAN: Can you hear me now?

24 AUDIENCE SPEAKER: Yes.

25 CHAIR ZIBELMAN: Okay, great.

1 AUDIENCE SPEAKER: Everybody.

2 CHAIR ZIBELMAN: I apologize for that. We will endeavor to
3 speak closer to the microphone. Is that okay?

4 AUDIENCE SPEAKER: Better.

5 CHAIR ZIBELMAN: So first of all, I want to thank the
6 speakers, Comcast, for joining us tonight and all the members of
7 the public. We on behalf of the Commission, this is -- and
8 staff, this is a very critical component of our deliberation
9 process. It's important for us to hear from the public. We
10 take your comments very seriously, both your oral comments
11 tonight and any written comments that you want to supplement and
12 add it to the record. So again, thank you for being here. And
13 as you know, this process will involve public hearings. We've
14 had three so far, and in addition there will be an opportunity
15 to write formal comments in as well. Our staff as well will be
16 writing comments, and all of which will be essentially
17 considered by the Commission to make a determination on the
18 proposed transaction. So again, thank you for being here. I
19 have, if I can, Judge.

20 JUDGE PRESTEMON: Yes, go ahead.

21 CHAIR ZIBELMAN: I have just one -- a question I'd like to
22 ask, actually, to the four of you who testified in terms of the
23 merger, and it seems to me that a little bit of what I've heard,
24 and just for my own clarification, is that everybody agrees
25 that, and I suspect Comcast too agrees, that one of the outcomes

1 we want to get out of this is certainly from the Commission's
2 perspective an important outcome is around universal access to
3 broadband, and when I say universal access, it's not just the
4 ability to connect; it's the ability to connect at a price one
5 can afford, and that secondarily that it doesn't act as a
6 limiting factor as you -- as Ms. Lerner, you were suggesting for
7 others might want to do alternatives. So the question I had,
8 and I thought it was a interesting comment, is this issue in
9 front of us now one where, as I believe the gentleman suggested,
10 we can condition it in order to achieve the public interest or
11 is it something that you're suggesting that because of the --
12 this -- the scale of the company, Ms. Lerner, that can't see any
13 conditions, and I'm sorry I'm gonna --

14 MS. DELARA DERAKHSHANI: Ms. Derakhshani.

15 CHAIR ZIBELMAN: Ms. Derakhshani, the same thing, can you
16 conceive of conditions that the Commission could impose to
17 address your concerns or is it -- are you suggesting that the
18 sheer scale should be considered by the Commission as a threat
19 to getting these concerns addressed, which then leads me to my
20 next question, is since the situation is here now that we're not
21 getting the access we want, what's the alternative route that
22 you would suggest would be better for the state?

23 MS. SUSAN LERNER: Well, first we have two --

24 ADVISOR MCGOWAN: You want to hit that button?

25 MS. SUSAN LERNER: Yes, I do. Thank you. We have two

1 concerns. The first is in deed the scale, but the scale from a
2 public point of view creates an entity that has so much inherent
3 power, market power, financial power, political power that it is
4 basically unregulatable and not truly accountable either to its
5 customers or to the governmental entities with which it enters
6 into contracts and the entities which would then, like the PSC,
7 have oversight responsibility over its conduct. The kind of
8 penalties, for instance, that you would be able to access for
9 the conduct here in New York would be barely a pinprick for an
10 entity of the size of a Comcast if you found it had violated
11 conditions, and the second point that I try to make is that I
12 think that we can look at Comcast behavior and promises that it
13 has not fulfilled or either violated in relation to other
14 mergers to raise significant concerns that yes, I'm sure that
15 there are a host of conditions which we could suggest, which the
16 Commission and its staff would be able to recommend, but we have
17 very little confidence that Comcast will actually honor those
18 Commission -- those promises, and we believe that its conduct in
19 relation to earlier mergers shows that it will violate
20 conditions when it feels it's to its advantage and that the
21 remedies available to government are not going to restrain its
22 anticompetitive self-interested conduct.

23 MS. DELARA DERAKHSHANI: So Consumers Union would maintain
24 that any benefits are not enough to outweigh the harms that are
25 likely to result from this deal, and we would maintain that it

1 should be blocked. We have a few -- there are a few points I
2 want to touch on. First is that determining what's in the
3 public interest is just not limited to a discussion of
4 broadband; obviously, a very part of the discussion, but things
5 such as the consumers experience I think play just as equal --
6 just as important a role and customer service and the consumer
7 experience, we've heard a lot about the state of that in
8 New York, and there are a lot of concerns that it's not going to
9 get any better, so and, you know, oftentimes I notice that the
10 companies, the combined two companies point to network
11 investment as an indication of how things might get better, but
12 again, there's -- we have yet to see that any of these benefits
13 will really pass along to consumers or that they'll reach all
14 consumers, and the ultimate goal should be to be able to reach
15 consumers in all areas, including rural areas where there may
16 not be as much of an incentive to build out, for example. So
17 we're also concerned about perhaps a bit of an overstatement of
18 the level of competition. There's still a lot of issues, but
19 the broader public interest standard I think should seriously
20 consider the consumers's perspective in addition to many of the
21 things that were mentioned today.

22 MR. MARK MALASPINA: CFY is not taking a position on the --
23 on the merger as a whole. We -- we would suggest that if the
24 balance of the pros and the cons are evaluated, that as we said,
25 the Internet Essentials program I think has potential. I do

1 think that this would be an opportunity for Comcast together
2 with other parties to revisit some aspects of Internet
3 Essentials, taking into account, for instance, the language
4 issues in New York City, taking into account some of the
5 learnings that we had from programs with Time Warner Cable
6 itself and make the Internet Essentials program a much, much
7 stronger program, that again, we think it has tremendous
8 potential, and as Michael said, I think could be transformative
9 if done in fully the correct way. So that -- that would be --
10 we recognize the Internet Essentials is not the only issue here,
11 but for us it would be an important one to -- to consider in its
12 details a transformative role.

13 MR. MICHAEL SANTORELLI: So to your question about the
14 notion of universality and broadband in the state, just a couple
15 of points. First I think most, if not all, cable franchises
16 already have requirements in them, so I think that those would
17 be -- sorry, I'm very soft spoken. So pardon me if I -- if you
18 don't hear me. But in terms of the certain broader notion of
19 universality of broadband in the state, generally as I mentioned
20 in my testimony, and respectfully it's a -- as I'm sure you all
21 are very aware of, it's exceedingly complex and respectfully it
22 goes beyond this particular proceeding. I have had the
23 opportunity to serve on the New York State Broadband Task Force
24 for the last six or eight months or so, and this really gave me
25 a really unique window into the very many challenges that face

1 -- so many communities face; state, north countries, southern
2 tier, et cetera, and so figuring out, you know, solutions for
3 these areas where broadband is not available or areas that are
4 unserved doesn't lend itself to a one-size-fits-all solution.
5 As I mentioned in my testimony, it's more sort of
6 all-of-the-above strategy. Some areas might be amenable to
7 cable. Some might be more amenable to fixed wireless, which is
8 an increasingly popular product in certain areas that are
9 especially geographically remote. The Connect New York program
10 that I think has been mentioned, I mentioned it and it has been
11 mentioned elsewhere, has also been very successful in seeding
12 these partnerships and bringing a diverse array of stakeholders
13 to the table to figure out exactly which communities need to be
14 served and how to serve those communities in ways that are both
15 economic and that are, again, that reflect the -- the unique
16 topography and demographics of a particular area, so.

17 CHAIR ZIBELMAN: I could see you were --

18 MR. MARK REILLY: You could see me on the edge of my seat,
19 right. It's always a challenge when you've got four speakers
20 who raise a lots of different issues and where to begin. So,
21 you know, I think to answer your question, you were talking
22 about some of the challenges set before you and some of the
23 issues that have been raised tonight about those who don't have
24 access, and they don't have access because the facilities don't
25 run by their door or they don't have access because of

1 affordability. We have, for those who were participating in the
2 public forum in Albany last night, we talked a little bit about
3 this same issue and talked about Comcast history of extending
4 its network in adjacent Vermont, was one of the examples that we
5 gave, and it was in a partnership where the state had identified
6 similar issues to what's being identified here tonight as part
7 of the challenge in New York, at least part of the challenge in
8 more rural New York, that some just don't have a choice running
9 by their doorstep or by their farm, we heard about last evening,
10 and how important it is to have those advanced services running
11 by the door. So we have as our normal business extended our
12 network, but also where there are those really remote areas that
13 it is really difficult to justify a return on investment to
14 extend the network, we have engaged in partnerships similar to
15 the Connect New York partnership with the Vermont Telecom
16 Authority, and that was able to bring our network to those more
17 rural parts of Vermont, and we envision, as we said last night,
18 that there will be an interest on our part in participating in
19 the Connect New York program to bring more people in New York
20 online. But as far as adoption is concerned, you know, we heard
21 a lot this evening about the inadequacies of Internet
22 Essentials, and it's -- you know, it feels from our perspective
23 like it's a no good deed goes unpunished moment because the
24 reality is no other company is stepping up to the plate like
25 Comcast has stepped up to the plate to offer a program that can

1 try to connect people to the internet, who but for this program
2 don't have the means to be connected, and we talked last night
3 about the fact that we have modified the program because some
4 said initially this isn't good enough. This isn't really going
5 to meet the needs of individuals who need to be connected. So
6 what do I mean by that? When we launched the program, it was
7 only for the free school lunch program students, and it was only
8 in public school, and when we talked to individuals like the
9 individuals you've heard this evening, when we talked to
10 policymakers, they said wouldn't it be great if you didn't limit
11 it just to those who were in public school and those who were in
12 the free school lunch program. We then expanded it to the
13 reduced school lunch program, and then we had instances where
14 there were provision 2 schools, where seventy percent of the
15 people in that school are in free or reduced school lunch, but
16 the other thirty percent aren't, but they, for recordkeeping
17 ease, if you will, consider the entire school to be eligible for
18 free school lunch program. We expanded our Internet Essentials
19 program to meet that. Moreover, when we launched the program as
20 one and a half megabits, we heard from educators and we heard
21 from parents and we heard from policymakers. While we
22 appreciate Comcast's efforts to connect those who aren't
23 connected, one and a half megabits is inadequate. We doubled
24 the speed. When we had it at three megabits per second, we also
25 heard from people saying, you know, for some of these videos

1 that we're looking to download, educational videos, even three
2 megabits isn't fast enough. We brought the speed up to five
3 megabits. So every step along the way, whether it's speed,
4 whether it's those who were eligible or for that matter public
5 school, we opened it up to parochial. We opened it up to
6 charter. We have people from cyber school say what about us.
7 We opened it up to them. We had home schools say what about us.
8 We opened it up to them. So we have changed this program
9 throughout. Where are we today? So we estimate that about ten
10 percent of those who are eligible sign up. If you compare that
11 to our regular internet service, we've been at this now for
12 almost twenty years, and we have about forty percent of
13 individuals we pass sign up for that service. Are we interested
14 in partnering with more organizations to expand the reach of the
15 program, yes.

16 CHAIR ZIBELMAN: Thank you.

17 JUDGE PRESTEMON: I have one question, sort of as a
18 followup to some of the comments. Do any of you believe that
19 the Commission could treat the sheer size of the company that
20 would be created by the combination of Comcast and Time Warner
21 as contrary to the public interest if that combination is not in
22 violation of any laws governing the combination of companies to
23 the merger?

24 MS. DELARA DERAKHSHANI: So I think the question was what
25 is -- what -- is there a reason that this could be against the

1 public interest, given the sheer size of the company, and I
2 think that the answer is yes, and I touched on this a little bit
3 in my testimony earlier, in that a large company with a huge
4 national presence may have less of an incentive to address local
5 New Yorkers' concerns, for example, and that's something that I
6 think is likely to result, so --

7 AUDIENCE SPEAKER: Could you restate the question?

8 JUDGE PRESTEMON: Okay. What I was trying to say is can --
9 could -- is there a basis for the Commission to treat the sheer
10 size of the combined company as being contrary to the public
11 interest if there are no laws that dictate that the size of the
12 company or the combination of these companies is illegal or
13 otherwise improper?

14 MS. SUSAN LERNER: In essence, not an antitrust violation?

15 JUDGE PRESTEMON: Not an antitrust violation -- (inaudible)

16 MS. SUSAN LERNER: I think that this Commission has a
17 separate charge in terms of how it would define public interests
18 from a classic antitrust pro competition definition, and I think
19 that we have a regulatory framework, and I think we have public
20 expectations in terms of the ability to hold companies
21 accountable and to be able to perform effective oversight, as I
22 think I said in response to the chair's question, and I believe
23 that once -- when you have a company with the kind of market
24 power and actual just economic size of the combined Time Warner
25 Comcast, that the ability of any one state to effectively

1 provide oversight in the public interest becomes limited, and
2 the ability of the state to require remedies which will
3 meaningfully govern the conduct of that large of a national of
4 an entity becomes very limited, and that has, I think, a very
5 significant negative impact on public interest.

6 JUDGE PRESTEMON: Thank you. Everybody does not have to
7 answer, but you may.

8 MR. MICHAEL SANTORELLI: I would answer the question by
9 saying that no -- no, I don't think that -- the -- that the
10 Commission has a basis for that. Let's go over the inquiry here
11 before the Commission of New York State and as often outlined
12 the filing and elsewhere, the company, the merged entities don't
13 compete head to head in New York, so it's sort of swapping out
14 one for the other and as for any potential antitrust violations,
15 there are ample laws in the books here in New York on a federal
16 level to protect against anything that might happen subsequently
17 post merger.

18 MR. MARK REILLY: So, you know, where it feels like the
19 conversation is going is that things will get so big in New York
20 that we should be afraid of this, and the reality is, though,
21 that the proposal before us is for Comcast to step into the
22 shoes of Time Warner. So then the analysis I think should
23 reflect upon what do we get from Time Warner today, and what
24 could we get, and I think for every product, whether you're
25 talking about video, you're talking about voice, you're talking

1 about broadband, there are better things that you get from
2 Comcast than you can get from Time Warner. So what do I mean by
3 that? Time Warner has said that it will convert to all digital.
4 We have said we will accelerate that schedule to convert to all
5 digital. Time Warner's top speed right now offers a hundred
6 megabits per second. Comcast is 500 megabits. So the materials
7 talk that we've submitted, and they're available for the public
8 for review, we talk about those differences. One thing, though,
9 that we haven't really spent much time talking about is that
10 benefit of scale. So people talk about a number of things
11 tonight. We'd like those advanced services, and we'd like for
12 you to also do more for people who are at the lower end of the
13 economic spectrum. It takes significant resources to be able to
14 do that, and New Yorkers will have the benefit not only of being
15 able to essentially plug into that network that's all around
16 them, that's more advanced than the network that exists in
17 New York today, but you also think with respect to that
18 reliability, you have the ability with the merger of this kind
19 for New Yorkers to not only plug into that advanced network, but
20 when it comes to times of crisis, whether it's hurricane or
21 other natural disasters, having that network that is nearby for
22 redundancy as well as the resources to restore services, meaning
23 people in trucks coming to restore services in a situation like
24 a Hurricane Sandy, if you have a company with scale, you have
25 the ability to lean on those kinds of resources. At the end of

1 the day we've spent 85 billion dollars investing in our network
2 over the last fifteen years. It's not an inexpensive game to
3 play to be able to reinvest in the network and keep meeting
4 consumer demand. The last five years it's 27 billion. Last
5 year was 6 billion. So you need a company that's going to have
6 the resources to be able to deliver what consumers want, and we
7 heard a lot of I want tonight, and you need a company not only
8 with the resources to do that, but the expertise.

9 JUDGE PRESTEMON: Thank you. I don't believe there are any
10 additional questions, so we are going to move on right now to
11 the public statement hearing phase proceedings tonight. As I
12 said at the beginning, this is an opportunity for any member of
13 the public who wants to, to come up here and give their comments
14 to us live and in-person and have them transcribed and made part
15 of the record of the case. All we ask is that you go to the
16 table back here, fill out a card indicating your interest in
17 speaking. We will then call everybody in the order in which the
18 cards were handed in.

19 CHAIR ZIBELMAN: Looks like we have several.

20 JUDGE PRESTEMON: We have twenty-two individuals who have
21 indicated they'd like to speak. If everybody took ten minutes,
22 we would be here until close to midnight. So please, if you can
23 out of consideration of your other interested speakers, try to
24 keep your remarks down to as brief as possible, preferably five
25 minutes or less.

1 We are going to begin tonight with the New York City public
2 advocate; Letitia James.

3 MS. LETITIA JAMES: So I'm not sure why the AC is not
4 working in here, but obviously in the City Council we've had
5 hearings that have gone past midnight, and sometimes democracy
6 demands that you sacrifice the time so that any interest in the
7 public. So --

8 AUDIENCE SPEAKER: Can you press the button so we can hear
9 you, please? We cannot hear you.

10 MS. LETITIA JAMES: I gradually get louder.

11 AUDIENCE SPEAKER: Thank you. You don't have too many --
12 it's not too long, five minutes.

13 MS. LETITIA JAMES: Yes.

14 AUDIENCE SPEAKER: Thank you.

15 MS. LETITIA JAMES: I have to build up, but you'll hear me.
16 Trust me.

17 So good evening, Chair Audrey Zibelman, and members of the
18 New York State Public Service Commission. As New York City's
19 public advocate and chair of the Commission on Public
20 Information and Communications, COPIC, it is my duty to
21 represent and inform the public on relevant changes in
22 communications technology and the effects any such changes might
23 have in our -- in our state, in our city and in our community.
24 The proposed Comcast/Time Warner Cable merger has the potential
25 of carrying considerable implications for New York City

1 consumers, which is why I've come here today and I'm prepared to
2 testify.

3 Prior to rendering a decision, the questions that I've
4 heard thus far to me suggest a concern that this project is too
5 big to fail, and I would suggest otherwise. The Public Service
6 Commission must thoughtfully and diligently deliberate the
7 effects that the proposed merger would have on New York City
8 residents and New York State residents, and to ensure that the
9 needs of all of our people are best served by any changes that
10 would or could result. The deal would merge Comcast
11 Corporation, which is not only the biggest cable company in the
12 United States; it's also the largest media provider in the
13 world, with Time Warner Cable, the second largest cable -- cable
14 company in the country. This merger is highly concerning to any
15 reasonable person with respect to the effects of noncompetition
16 on internet and cable customers, as it will likely diminish what
17 is already minimal competition for high-speed internet, and so
18 notwithstanding the fact that the law may be silent on this
19 issue, it does raise some antitrust concerns and questions with
20 regards to basic competition in our country and in our city.
21 Currently United States customers pay more for broadband
22 internet access than those in most other developed countries,
23 yet more often than not, we received inferior service with
24 respect to speed and reliability. Specifically, in large urban
25 hubs such as New York City and Los Angeles and Washington DC,

1 residents pay inflated prices for slower internet service. In
2 New York City competition for service is essentially
3 non-existent, offering customers no option whatsoever, and
4 essentially forcing the patronage to a sole provider, which is
5 primarily Time Warner Cable. I've heard from constituents in my
6 former councilmanic district who basically argued with me as to
7 why we did not have more competition in the industry.
8 Accordingly, within New York City Time Warner Cable can name its
9 price for cable services without threat of competition and
10 little incentive to ensure that service is provided well. This
11 may further degrade without competition, not less. In addition,
12 apart from cable and internet customers, Time Warner Cable and
13 Comcast already have the vast majority of power to set prices on
14 transit and content providers, and that should concern the
15 members of this board, some of whom are direct competitors of
16 content providers owned by Comcast, which certainly sounds ripe
17 for an abusive power by Comcast towards non-Comcast owned
18 content providers. Comcast recently acquired NBC Universal, and
19 this merger would consolidate two content empires. Furthermore,
20 if the merger were to succeed, the interconnection market where
21 Comcast in particular already has tremendous control, would
22 undoubtedly -- would be undoubtedly altered, possibly
23 facilitating Comcast to gain additional leverage and demanding
24 higher payments from transit companies. We must ensure that any
25 approved agreement does not negatively impact the quality and

1 capacity of internet and cable services for New York City
2 consumers.

3 The chair asked earlier about making language, making this
4 conditional. I would ask that you go a little bit further. As
5 this merger is considered, it is critically essential that you
6 assess how our most underserved communities would be impacted.
7 How will this transaction impact the digital divide which
8 primarily affects low income and marginalized communities, not
9 only in New York City, but across the state. We must analyze
10 the possible short and long term social and economic
11 implications of such a decision. Internet service providers are
12 currently able to charge consumers inflated prices as a result
13 of poor competition. It is possible the merger would only lead
14 to additional price increases, completely shutting off families
15 and individuals already facing difficulty paying for the
16 service. Low income communities would, therefore, be
17 disproportionately excluded from accessing what is now
18 considered a basic form of infrastructure in our society and
19 means of communication -- and as a means of communication. In
20 today's world access to the internet is inarguably critical to
21 function in formal and informal spaces, and the costs to digital
22 segregation are rising. Needless to say, the internet serves as
23 a channel of endless information to which individuals now access
24 the news, employment opportunities, education, entertainment,
25 culture, et cetera. If accessing the internet becomes more

1 difficult for low income communities, academic and employment
2 competition may be undermined and would conceivably damage the
3 prospects of upward mobility for low income New Yorkers and
4 further exasperate income inequality. If the merger were to
5 pass, Comcast's Internet Essentials program for low income
6 consumers currently at a cost of \$9.95 a month would be extended
7 to New York City residents; however, many accuse the program and
8 we have heard from many in the Office of Public Advocate of how
9 difficult it is to access by the fact that they establish these
10 cumbersome criteria. Additionally, the program evidently offers
11 second class internet quality and speed five megabits per second
12 for Internet Essentials, compared to twelve megabits per second
13 for regular paying customers. In Philadelphia, for example,
14 where Comcast is headquartered, the program has low
15 participation rates and has even caused protests and rallies.
16 Comcast -- Comcast is, therefore, accused of using Internet
17 Essentials as a public relations scheme in order to have the
18 merger granted while it simultaneously gains increased profits
19 by acquiring low income customers in areas in which their
20 service already exists.

21 As a starting point in addressing some of these concerns,
22 and if you are prone to approve this merger, the merger should
23 provide free, yes, free service to low income communities. The
24 merger should also include a component for local hiring and job
25 training. Additionally, free Wi-Fi service should be provided

1 in many more parks and playgrounds and public schools, and
2 during this time of critical importance, there is also an
3 opportunity for Time Warner and Comcast to modify their terms of
4 service to allow people to securely share their Wi-Fi connection
5 with neighbors or others within range without jeopardizing their
6 profits, of course. The merger cannot allow either company to
7 breach current public good contracts such as Time Warner's
8 contract to support public access in exchange for their cables
9 running in public-rights-of-way. On the contrary, public access
10 channels should be expanded and diverse in educational programs.
11 Strictly children's programming should be a priority.

12 Last but not least, providers must accelerate deployment of
13 high-speed internet to digitally underserved communities, not
14 only in the city, but across the state. Transparency and
15 accountability are imperative in this process, and I urge the
16 Commission to investigate the issues that I have shared this
17 evening, but let me end by saying please do not be afraid of
18 something that is too big to fail. We've seen how that has had
19 an impact on New York City and on residents across The City of
20 New York. You should raise all of these issues, and if in fact
21 you are concerned about anti -- about competition and antitrust
22 concerns, then perhaps you should oppose this.

23 I thank you for this opportunity to testify this evening,
24 and the Office of Public Advocate will continue to monitor --
25 monitor the situation, and we will also consider -- consider

1 legal options that might be available based on the number of
2 issues and concerns that we have heard from New Yorkers as a
3 result of this merger. Thank you.

4 JUDGE PRESTEMON: Thank you, Ms. James. If I don't say the
5 name correctly, make sure you do when you come up to speak, and
6 spell it. Our next speaker is Ben Kallos, New York City council
7 member, who's last name is spelled K-A-L-L-O-S.

8 MR. BEN KALLOS: Thank you very much, the Commission, for
9 having us here and for having the public here and thank you to
10 our public advocate, Letitis James, for being here as an
11 advocate for the people.

12 I'm council member Ben Kallos. You can Tweet me at
13 Ben Kallos. I'm the Governmental Operations Committee chair. I
14 give my testimony on behalf of eight council members,
15 James Vacca, Technology Committee Chair, Richie Torres, Public
16 Housing Committee Chair, Stephen Levin, General Welfare
17 Committee Chair, Jimmy Van Bramer, Majority Leader,
18 Costa Constantinides, Library Subcommittee Chair, Danny Dromm,
19 Education Committee Chair, and Karen Koslowitz, State and
20 Federal Legislation Chair. And you might wonder why all we care
21 about this issue, but it impacts so many different areas of the
22 city and all of those subject areas. As Comcast, the largest
23 company in the United States, seeks to -- the largest cable
24 company in the United States, seeks to acquire Time Warner
25 Cable, the second largest, with more than 2.6 million

1 subscribers in this state, please use your new regulatory power
2 to determine whether or not the merger is in the best interest
3 of existing customers and the residents of New York City and
4 State.

5 We believe that such a merger would only be in the public
6 interest if paired with net neutrality and a significant
7 expansion of free and affordable internet access for low income
8 families and individuals to reduce the digital divide. The
9 Internet Essentials program launched by Comcast in 2011 to
10 provide low income households with affordable broadband is a
11 positive first step, but major shortfalls must be addressed.
12 Only 2.6 million families of the 7.2 million families making
13 under \$35,000 in Comcast service area are eligible for the
14 program, as it only applies to families with children eligible
15 for federal free or reduced priced lunch. Of that 2.6 million,
16 a mere 300,000 families have applied. This does little to close
17 the digital divide; the gap between those who can afford
18 internet access and those who cannot, a division that entrenches
19 social and economic disparity. We propose that you require the
20 expansion of the Internet Essentials plan for New York customers
21 as cited in Part C, Section 1 of the petition. The transaction
22 will generate other significant public benefits. Internet
23 Essentials must go beyond families with children on free and
24 reduced lunch to provide free access to NYCHA Public Housing.
25 That's 403,120 residents and 175,587 families in 178,557

1 apartments. People on unemployment insurance benefits and
2 institutions serving vital public needs, such as 1,700 public
3 schools serving 1.1 million students and 223 public libraries
4 free or affordable access should be provided to family and
5 individual recipients of income qualifying federal, state and
6 city subsidies and the loopholes that deny Internet Essentials
7 to old customers, those who have missed a bill in the past or
8 those who have unreturned equipment must be closed. Closing the
9 digital divide has been a priority for New York City and indeed
10 our nation. The FCC's 2010 national broadband plan includes the
11 imperative to create mechanisms to ensure affordability to low
12 income Americans, noting that only forty percent of adults
13 making less than 20,000 per year adopted terrestrial broadband
14 at home, while ninety-three percent of adults earning more than
15 \$75,000 a year have adopted broadband at home. This has also
16 been a major priority of mayor and the city council. Mayor de
17 Blasio has laid out a goal of universal, affordable broadband to
18 ensure all New Yorkers can carry out the fundamental tasks of
19 accessing information, applying for jobs, communicating with
20 co-workers and loved ones that broadband access facilitates.
21 The City Council included the need to expand free Wi-Fi across
22 our public parks in our budget priorities for the upcoming
23 fiscal year.

24 As you consider a merger that will provide Comcast with
25 forty percent of all broadband customers in the United States,

1 Comcast and Time Warner must also and equally importantly
2 voluntarily abide by the FCC's Title 2 regulations banning
3 unreasonable or unjust discrimination and ensuring net
4 neutrality. Internet access, no provider, least of all one
5 controlling such a huge share of the internet access, should
6 control the flow of information on the internet by speeding up
7 or slowing down traffic for pay or based on content type.

8 Currently the FCC is seriously considering using its
9 authority under the telecommunications regulations founded in
10 Title 2 of the Communications Act. Comcast and Time Warner
11 should choose to abide by these regulations voluntarily. All
12 Americans and New Yorkers deserve access to the internet, the
13 same access no matter their income level or content types. The
14 merger between two corporate giants have become providers of one
15 of America's most crucial resources, must, if approved, be in
16 the public interest, and only ensuring affordable and
17 unconstrained broadband access will guarantee that. We as
18 representatives of America's most popular city urge you to look
19 toward a future where all families and individuals can reap the
20 benefits of a competitive, free and open internet. Thank you.

21 JUDGE PRESTEMON: Thank you, Councilman. Our next speaker
22 is Andrew Gounardes, representing the Brooklyn Borough
23 President's Office.

24 MR. ANDREW GOUNARDES: Thank you. Good evening. My name
25 is Andrew Gounardes, G-O-U-N-A-R-D-E-S, and I serve as general

1 council to Brooklyn Borough President, Eric Adams. I offer this
2 statement on his behalf.

3 Thank you to the New York State Public Service Commission
4 for holding this public hearing tonight on the proposed merger
5 of Time Warner and Comcast. It is important and appropriate to
6 the Borough Presidents' Office comments on this proposed merger.
7 I note that there are a lot of questions and concerns that many
8 people have about this merger, and our office echoes the
9 sentiments of both Public Advocate James, and council member in
10 their statements as well, but tonight I want to focus on the
11 issue of public access and how important public access is for
12 the people of Brooklyn. As part of its franchise agreement with
13 the City of New York, Time Warner Cable and all of the other
14 cable service providers operating across the city have a
15 contractual obligation to support community access organizations
16 which provide public access services for residents of each
17 borough. These agreements are subject to the approval of the
18 Franchise and Concession Review Committee on which each borough
19 president sits. When the cable service providers last
20 renegotiated their franchise agreement with New York City, the
21 last administration at Brooklyn Borough Hall made sure that
22 public access was a high priority and that Brooklyn's Community
23 Access Organization, BRIC, received its fair share of support.
24 Why is public access so important? The answer is actually very
25 simple. Public access helps sustain the free society that we

1 all so deeply cherish in this age of digital democracy. When we
2 empower the people of Brownsville and Bay Ridge, of Williamsburg
3 and Brighton Beach, of Canarsie and Cobble Hill, with not only
4 the means of digital information, but the tools that create such
5 digital information, we can break down barriers and unleash
6 opportunities undreamt of across Brooklyn. BRIC provides the
7 only unmet mediated coverage available to community leaders in
8 Brooklyn. BRIC also provides spiritual outreach. More than
9 twenty percent of BRIC's programming is -- is put on by local
10 religious programming that represents all phases across our
11 borough. Also provides positive coverage on Brooklyn-based
12 cultural activities that do not get media attention from
13 mainstream media sources. BRIC is a forum in which Brooklynites
14 work together to create a community in our own image, so
15 important when today Brooklyn is one of the hottest brands
16 internationally. It's true. And lastly, the important thing
17 about our Community Access Organization is that it provides
18 technical training and jobs. Provides training that allows
19 people not only to make themselves ready for jobs in the media,
20 but also to increase media literacy that is vital to
21 participation in today's world. In this we have one interest,
22 one Brooklyn. We see the public resources which are part of
23 this agreement as critical to our efforts to bring Brooklyn
24 together as one. Public access to cable channels, to equipment,
25 to free media training, to interconnectivity, these are the

1 tools that every modern society needs to create a true sense of
2 community. The Borough President's Office strongly endorses and
3 supports the work done by our Community Access Organization,
4 BRIC. Brooklyn could not, Brooklyn would not be where it is
5 today without the services and programming provided and
6 available to each of our 2.6 million residents. Public access
7 is so important to Brooklyn, and that is why our office is
8 asking the Public Service Commission, if it sees fit, to approve
9 this merger, to approve it based on the following points: To
10 maintain public education and government channel capacity at
11 levels current in the existing franchise agreements. Cablecast
12 public education and government channels with the same quality
13 as commercial channels and keep public education and government
14 channels in easily accessed stable locations.

15 Furthermore, we seek assurances of support for public
16 access services, including vital training, production and
17 distribution services now provided to digitally underserved
18 populations as well as hyper-local media coverage, regardless of
19 any shift in cable markets facilitated by the concentration of
20 market power.

21 Lastly, we assure -- I ask for assurances that city
22 revenues from franchise agreements continue at at least the
23 current levels, but obviously we must achieve at increase
24 significantly.

25 The Borough Presidents' Office looks forward to continuing

1 a productive and working relationship with Comcast, should this
2 merger be approved, one in which the public interest works
3 hand-in-hand to stay a very profitably business, a very
4 profitable business, to create telecommunication systems that
5 keep Brooklyn at the forefront of new technologies. Thank you.

6 JUDGE PRESTEMON: Thank you. The next speaker is
7 William Colegrove, representing the Manhattan Borough
8 President's Office, and let me call one ahead so that you can be
9 ready to come up next. The next one is Zephyr Teachout.

10 MR. WILLIAM COLEGROVE. Thank you. Last name is Colegrove,
11 C-O-L-E-G-R-O-V-E.

12 Good evening. Thank you for the opportunity to testify.
13 I'm here to read testimony prepared by the Manhattan Borough
14 President, Gale A. Brewer. Gale A. Brewer is the Borough
15 President of Manhattan. Prior to her election as Borough
16 President, she served for twelve years in the New York City
17 Council, eight of them as chair of the Council's Committee on
18 Technology. Borough President has long been an advocate for
19 consumer rights as well as open internet and universal access to
20 broadband. It is within that context that we present our
21 comments today in opposition to the proposed merger between
22 Comcast and Time Warner Cable.

23 It is the role of the Public Service Commission to
24 determine whether this proposed merger is in the best interest
25 of New Yorkers, specifically cable and telephone customers. I

1 would submit that although Comcast and Time Warner do not
2 directly compete for service offerings at this time, the
3 solution is lack of direct competition, is not less competition.
4 Instead I would argue it is in the state's interest to pursue
5 means of implementing more direct competition among cable and
6 telephone providers to improve customer service and bring down
7 prices. Signing off on this proposed merger would create a mass
8 conglomerate as has been stated that control seventeen of the
9 twenty largest media markets in the country. The size and the
10 scope of this new company would discourage any new companies
11 from attempting entry in the telecom space. Absent any real or
12 future competition, what incentive for Comcast cap to bring down
13 prices, pursue innovation and serve its customers, I would argue
14 very little, and this obviously does not serve the public
15 interest of New Yorkers. Not only would the creation of such a
16 massive company dissuade new companies from attempting to
17 compete New York, it would also give Comcast unprecedented power
18 to negotiate with the networks and content providers. This
19 could potentially threaten the availability of certain types of
20 content for New Yorkers, especially local contents. As has been
21 stated previously, we are especially concerned about the impact
22 of this potential merger on public access channels which provide
23 vital hyper-local information to our constituents. Another
24 important access point for local content here in New York is
25 New York 1, which is owned by Time Warner Cable. Given the fact

1 that Comcast also owns NBC, we are concerned about the loss or
2 alteration in New York 1's local news coverage, giving Comcast
3 potential interest in promoting NBC.

4 On the internet broadband side we are concerned about
5 several potential problems with the merger. The first relates
6 to the current federal debate over the future of net neutrality.
7 To protect the internet, we need the FCC to issue strong
8 regulations to governing broadband. Broadband carriers should
9 be designated common carriers and the internet could perhaps be
10 labeled as a telecommunications service. This would help foster
11 competition and access to infrastructure that would allow
12 smaller providers to enter the competitive market. Again, this
13 merger has the potential to create a massive company which would
14 discourage any such competition, which only adds to our
15 skepticism.

16 We are also concerned about Comcast's recent activities
17 with one of the internet's largest content providers, Netflix.
18 As has been widely reported, Netflix was recently experiencing
19 congestion on Comcast networks in providing content to
20 consumers. Allegedly, Comcast has refused direct access to
21 faster connections to entities such as Netflix pay for access.
22 Comcast has claimed that the deal it struck with Netflix has
23 simply cut out the middleman. Netflix, however, has refuted
24 this claim, stating that absent a direct agreement with Comcast,
25 it would have to deal with a third-party transit provider. That

1 transit provider would in turn have to negotiate with Comcast
2 effectively guaranteeing a company like Netflix would have to
3 pay for access to Comcast customers. This type of dispute is
4 only going to become more common if Comcast becomes the only
5 game in town for the majority of New Yorkers and all Americans.

6 We've also yet to see an affirmative demonstration of the
7 value that will be provided if this merger is allowed to
8 proceed. Comcast has also cited its low cost Internet
9 Essentials program, offering 9.99 a month internet access and
10 low cost computers as evidence of its commitment to close the
11 digital divide. Although we commend Comcast for attempting to
12 provide low cost service, we would caution that, as has been
13 mentioned, already attempted here in New York. The problem with
14 that earlier program is that for the vast majority of families
15 that have been targeted, delinquency on past bills rendered them
16 ineligible for the new rate, not to mention the aforementioned
17 problems with only serving families with children who qualified
18 for free or reduced lunch.

19 We fear similar adoption rate plans with the Comcast plan
20 here in New York. Comcast's current track records with the
21 program is also not encouraging. According to recent reports,
22 only eleven percent, although you heard here only ten percent,
23 of eligible families in the current program area have taken
24 advantage of Internet Essentials. We would consider that low
25 subscriber rate a failure of outreach and evidence that the

1 program has serious problems that need to be addressed.

2 Prior to approval of any merger, this body should demand
3 clear, meaningful deliverable to the companies in question as a
4 public service to New Yorkers. This can mean requiring
5 benchmarks of price be met as well as customer service reviews.
6 Absent these guarantees, we would argue that the Commission's
7 requirements have not been met.

8 In closing, we also want to note for the record that we are
9 disappointed this will be the only hearing in New York City on
10 this topic. As the proposed merger is an all-stock transfer, it
11 is exempt from review by the New York City Franchise Review
12 Committee or FCRC. Given the tremendous essential impact on
13 New York City, we believe this matter warrants full review at
14 the local level and are frustrated with the lack of control in
15 this matter, of course, if that is not done. That's this
16 committee's problem, but thank you again for the opportunity to
17 testify. I'm happy to answer any questions.

18 JUDGE PRESTEMON: Thank you, Mr. Colegrove.

19 Now we have Zephyr Teachout from Fordham Law School, and
20 also I believe a candidate for government of New York.

21 MS. ZEPHYR TEACHOUT: Yes, right. Thank you very much.

22 JUDGE PRESTEMON: Let me just call one ahead.

23 Catherine Barnes will be our next speaker.

24 MS. ZEPHYR TEACHOUT: Great. Thank you so much for having
25 me here. It's a very important -- my name is Zephyr Teachout,

1 Z-E-P-H-Y-R T-E-A-C-H-O-U-T. I'm a Associate Professor of law
2 at Fordham, a gubernatorial candidate on the democratic party
3 line and a citizen, student of history of corruption and of
4 monopolies. I think there's a lot of history here tonight, and
5 one of the reasons I'm interested in monopolies, understood
6 broadly, not just in terms of antitrust law, is the way in which
7 they relate to patterns of corruption. I want to briefly
8 address your question earlier about whether size itself might
9 constitute a violation, a few different responses which I can
10 answer more fully in the comments to the Commission. First, is
11 that I think the -- the question suggested a more simple view of
12 what antitrust laws mean if we take a broader view of existing
13 antitrust laws, but yes, the mandate is different than exact
14 tracking of other antitrust laws, but creates its own mandate,
15 and importantly as the prior speaker mentioned, puts the burden
16 on the cable companies to prove that it is in the public
17 interest, and that -- that burden is quite important, I think.
18 I -- I stand opposed to the merger. I start with the basic
19 premise. New York should demand open, affordable, universal and
20 world class internet. Inspiringly unfettered communication is
21 the foundation of democracy, and equally, importantly, entirely
22 unfettered commerce is the foundation of a strong economy.
23 Unfortunately, both communication and commerce are threatened by
24 this merger. Two monopolist internet providers already provide
25 bad and overpriced service. They are both already vertically

1 integrated into direct ownership of content, including some of
2 America's most important news networks. Some of the greatest
3 content providers based here in New York may oppose this merger,
4 but as you understand, they may be afraid to speak out against
5 it out of fear of retaliation. So let me explain. If a content
6 provider opposed this merger now, Time Warner or Comcast or the
7 new fused entity, could punish them and make it harder for them
8 to share their content. So I hope you also take into account
9 the silent voices of those who might not dare speak. Anyway,
10 there are four specific reasons why the PSC should oppose the
11 merger. The first, which many have already spoken about, is
12 that cable costs are too high, and the merger will lead to
13 higher prices for New Yorkers. Recall that Comcast executive
14 vice president, David Cohen, said quote, we are certainly not
15 promising that customer bills will go down or increase less
16 rapidly. Second, the new merger will allow Comcast to more
17 fully take advantage of new FCC rules that allow dominant cable
18 providers to put tools in place on big content providers for
19 enhanced service. So in other words, the merger would make it
20 easier for Comcast to subject important New York businesses to
21 tolls under the threat of being shut down or shunted for slower
22 lanes. This is a kind of recipe for further consolidation of
23 wealth and power that is bad for small businesses, entrepreneurs
24 and a kind of economy that we want. Third, the merger will
25 allow Comcast to cable-ize the internet by making it nearly

1 impossible for any New York citizen to cut the cord and take
2 personal control of the content that they watch. Comcast will
3 control New York sports programming. They'll prevent companies
4 like Netflix and startup programming providers the kind of
5 company that we want to encourage for offering content that is
6 actually competing with cable. As my running mate, Tim Wu,
7 couldn't be here tonight because he was accepting a antitrust
8 award in Washington, said, New Yorkers are crazy about their
9 sports. If Comcast gains unfettered control over Time Warner,
10 it will do what it can to use the Nets, Knicks, Rangers, Yankees
11 and other as an anticompetitive force. But finally the merger
12 will lead to an invisible government. That's the phrase that
13 the New Yorkers of a hundred years ago used, controlling some of
14 the most important industries we have here, the television and
15 video entertainment industries. So companies like CBC, Disney
16 ABC and Fox have to use Comcast to get to their customers? They
17 have to compete against a Comcast property, NBC? That's unfair
18 to those companies, and it's also unfair to New Yorkers who work
19 for those companies, and most importantly, it is politically
20 dangerous to have so much power over media concentrated in so
21 few private hands.

22 I see no way this merger serves our interest as consumers,
23 as those who support small businesses or as citizens. Thank you
24 for your time.

25 JUDGE PRESTEMON: Thank you. And Ms. Barnes, and following

1 Ms. Barnes will be Greg Sutton.

2 MS. CATHERINE BARNES: Okay, my name is Catherine Barnes.
3 I'm from New York City, a very good area.

4 AUDIENCE SPEAKER: Louder.

5 MS. CATHERINE BARNES: I should be able to get good
6 service, but I call up Time Warner on a regular basis because my
7 Wi-Fi is off. I call up. They say unplug it and plug it in,
8 and it doesn't always work that way. I have had people out
9 twice in two years to my apartment to fix it. Now I've also had
10 the dubious privilege of being a Comcast customer out in Oregon
11 where I lived in a gated community, and our way of finding out
12 who was coming to visit us or not or coming into the property
13 was through television, and Comcast was the only access we had
14 to find it. It broke down regularly. So my problem is service,
15 and then also I'm a severely handicapped New Yorker, in that I
16 get \$1,100 from Social Security. I paid \$37 plus, up 'till
17 about April, and then I now have to pay \$57 plus out of that
18 \$1,100 to get Time Warner. Now that is not a good amount of
19 money to pay, and I am one of the better paid Social Security
20 people here. So this is definitely not in the public -- public
21 interest. Also, we had a lot of window dressing from the
22 Comcast people -- person, a lot of window dressing. They have
23 all these wonderful little things, but do they really have them
24 and for how many people do they have them. And also jobs,
25 thousands of jobs were mentioned. Where are the jobs? When I

1 call up anybody, I talk to somebody in Southeast Asia. I don't
2 talk to a New Yorker. Even for the political parties,
3 considering that.

4 Another thing too, it's not these two, but I was on a Wi-Fi
5 contract with Verizon, and it occurred to me today they had no
6 business making a contract with me for that because my business
7 -- my building doesn't even have Verizon. So I had to pay about
8 \$300 to get out of that contract. So there are a lot of things
9 that you really have to consider, not just how good it might be,
10 but what it really is to everybody, and I'm 74, and this country
11 scares the hell out of me right now. We are losing so much. I
12 grew up in the '40s and '50s when we grew tremendously because
13 we had competition. Everybody had a chance to do something.
14 Now nobody does. It's them and nobody else. That's it. And
15 that's about what I have to say.

16 Oh, also, the sports stadiums, you know how every city has
17 to build a sports stadium to keep their team, we have the Yankee
18 Stadium, et cetera, what's to stop Comcast from, you know,
19 holding us hostage to get better contracts? What's to stop
20 that? It's far too big, far too big, and too big to fail as it
21 goes. We don't need it at all. Thank you. And thank you for
22 having the hearing.

23 JUDGE PRESTEMON: Thank you. Mr. Sutton up now, and to be
24 followed by Anthony Riddle.

25 MR. GREG SUTTON: My name is Greg Sutton, G-R-E-G

1 S-U-T-T-O-N, and I'm the Managing Director of Manhattan
2 Neighborhood Network, and on behalf of Manhattan Neighborhood
3 Network, the Community Access Organization serving the Borough
4 of Manhattan, we would like to thank the New York State Public
5 Service Commission for holding these important hearings.

6 Since the inception of cable TV in New York City, Community
7 Access television has been an essential and dynamic feature of
8 the New York City media landscape.

9 Across the five boroughs, Community Access represents the
10 essence of the localism and diversity, providing media and
11 broadband access to a remarkable array of communities that make
12 up the wonderful mosaic that is New York.

13 We work to meet two important community needs: Access to
14 the knowledge and skills that people need to thrive in the
15 information economy, and access to high-speed internet.

16 MNN, along with our sister organizations in the Bronx,
17 Brooklyn, Queens and Staten Island are the largest media
18 education institutions in the City of New York. In the last
19 five years MNN alone has averaged an annual total of more than
20 1,600 enrollees who have learned how to write, direct, edit and
21 produce high quality television and video.

22 Today New York City Community Access TV outlets are the
23 single largest cable casters of original content anywhere in the
24 country. At MNN more than 500 community producers use our
25 studios and equipment annually and more than 1,000 Manhattan

1 producers submit some 13,000 hours of original independently
2 produced content each year, including seventy live shows each
3 quarter. Access to our studios, equipment, media education and
4 community events is free to anyone who lives in the borough. To
5 put this in perspective, comparable training in the private
6 sector would cost thousands, if not tens of thousands of
7 dollars. MNN and Community Access Organizations are essential
8 contributors to economic development in a city where media and
9 communications are leading industries.

10 In recent years Community Access Organizations citywide
11 have made expansion and inclusion a priority. In 2012 MNN
12 opened the El Barrio Firehouse Community Media Center on 104th
13 Street. The MNN Firehouse has had a transformational impact on
14 East Harlem and the uptown community, offering cultural and
15 community events as well as cutting edge digital media classes
16 in English and Spanish.

17 In 2013 the MNN El Barrio Firehouse hosted twenty-seven
18 community events and welcomed 845 people to the facility, and
19 the firehouse team is forging new partnerships with the local
20 community groups, schools and churches, including partnerships
21 to support our award-winning Youth Media Center, which focuses
22 on training Manhattan's youth to create action-oriented,
23 socially conscious media.

24 MNN, like other Community Access Organizations, is a
25 training grounds for careers, a transformer of communities and

1 an educator of young people about how they can use media
2 equipment, work in teams, think critically and be creative. All
3 of this has been thanks to the support of community media by
4 many individuals and organizations, as well as elected
5 officials, the New York Council and city and state officials.
6 In particular, we'd like to thank Time Warner Cable, with whom
7 we'd had a positive working relationship that spans over three
8 decades. In the last round of franchise renewals, public
9 officials recognized our achievements with pride and Time Warner
10 greatly increased its support levels and channel capacity in an
11 effort to expand and sustain our operations and increase our
12 ability to serve our community.

13 Providing these services and airing tens of thousands of
14 hours of original, locally focused content requires resources.
15 Most notably, stable, high quality cablecast channels that allow
16 reliable access to local voices. The programming aired on MNN
17 is simply not available on any other media outlet. We served
18 unserved populations with shows in many languages that addressed
19 the needs of diverse, ethnic communities in ways that can't be
20 sustained on commercial media. Our programming is not
21 replicated elsewhere, and is of high quality in both
22 transmission standards and content. Year after year, countless
23 external festivals and awards programs recognize MNN producers.

24 We would like to take this opportunity to raise some
25 important and cautionary concerns. On the Time Warner Cable

1 system citywide, MNN and other community access organizations
2 have recently been moved off their historic locations cablecast
3 channel clusters to what is tantamount to a digital Siberia.
4 Last year, Time Warner Channel 57, where literally hundreds of
5 community producers had cablecast their shows for many years,
6 was sold to the highest bidder. Communities Access channels
7 citywide were moved to Time Warner Cable Channel 1,997, away
8 from any other educational or governmental access channels.
9 Because very little publicity accompanied this move, New York
10 City community producers and the viewers who watch their
11 programs were left floundered.

12 Moving forward, it's vital that MNN and other local
13 cablecast channels are easily found and adequately publicized
14 across all five boroughs. We support the clustering of local
15 channels on the cable TV systems and look forward to working
16 with cable providers in New York City to achieve this goal while
17 preserving and strengthening the accessibility and localism that
18 Community Access provides the city.

19 In addition, as technology continues to enhance the picture
20 quality cablecast on local systems, and as both video production
21 systems and consumer capabilities also improve, it's essential
22 that Community Access television and local PEG channels become
23 available in the highest quality format, including in High
24 Definition television.

25 The funding for Community Access Organizations is currently

1 based on the number of cable subscribers in our boroughs, and in
2 the coming years an increasing number of customers may migrate
3 to internet-only subscriptions due to a surge in the
4 availability of streaming devices that deliver programming. We
5 need to work together to ensure that the funding stream provided
6 through cable TV subscription will be extended to parallel means
7 of viewership. This shift will preserve our ability to provide
8 high quality, local programming and innovative training programs
9 that seek to close the gap and lessen the digital divide for all
10 city residents. MNN is preparing the next generation of
11 technology users, but we need the continued and evolving support
12 of franchisees to do so.

13 We look forward to partnering with the city and state
14 governments and with Comcast, should its merger with Time Warner
15 Cable be approved. Together we can ensure that community
16 service, localism and diversity continue to grow and thrive in
17 an ever-changing media and technology landscape. Thank you.

18 JUDGE PRESTEMON: Thank you, Mr. Sutton. Up now is
19 Anthony Riddle, representing BRIC, to be followed by
20 Katherine Williston of Common Cause.

21 MR. ANTHONY RIDDLE: My name is Anthony Riddle. I'm the
22 Co-Director of Community Media for BRIC, the public access
23 organization for Brooklyn.

24 On behalf of the people of Brooklyn, BRIC thanks the
25 members of the Public Service Commission for holding this

1 hearing. Time Warner operates a profitable business in the
2 public-rights-of-way belonging to all the people of City of
3 New York. In exchange for use of this unique public property,
4 the City receives payments in the form of cash and communication
5 systems for use by the people, both cable and networking.
6 Public Access organizations also receive support and
7 distribution capacity. We consider administration of these
8 resources a sacred trust. Our organizations use these resources
9 to create community, to deliver services, to bridge a growing
10 digital divide between the haves and have-nots. We offer
11 training. Community Access Organizations funded through grant
12 agreements with franchise holders help to bridge the digital
13 divide by training thousands of people a year on most modern
14 audio visual equipment. We offer a wide variety of classes in
15 video production, editing, graphics, sound and lighting and also
16 offer introductions to the use of social media for distribution.
17 Comparable training at other facilities in New York cost
18 thousands of dollars. Our classes regularly have waiting lists
19 and draw heavily from neighborhoods that would otherwise not have
20 access to training resources. More than 5,000 adults learn to
21 make video programs using high quality equipment at our facility
22 every year. This year alone BRIC offered media training at more
23 than twelve public schools to over 12,000 students on a regular
24 basis. BRIC training and support enabled by the grant
25 agreements can have a profound affect on a community with

1 special needs. In the past year BRIC's new media share program
2 has provided customized training programs for staff and
3 volunteers at seventeen non-profits doing great work for the
4 community, including the staff from Helen Keller's Services,
5 including some visually impaired staff members are being taught
6 to edit program video using smart phones and professional
7 editing software. Staff and volunteers from You Gotta Believe
8 were successfully trained to produce the Adopting Teens and
9 Tweens Show, a program promoting the adoption of older children.

10 Diaspora Community Services was taught to make PSAs
11 promoting their direct services to women living with HIV, to
12 youth health advocates and, in particular, Brooklyn's Haitian
13 community both here and in the Diaspora. We offer facilities.
14 BRIC studios, location equipment, media lab and edit suites are
15 all offered free of charge to Brooklyn residents and community
16 organizations. We are open seven days a week to accommodate the
17 schedules of working class people and students. We provide
18 technical staff to support production and engineers to keep
19 everything humming.

20 BRIC has also established an important new relationship
21 with the Brooklyn Public Library. We now offer video and social
22 media classes at BPL branches and neighborhoods across the
23 borough. In addition, our producers can now check out digital
24 video equipment in these branches in their own neighborhoods.
25 More than 600 community residents have taken classes at these

1 branches in the first year of operation. We are expanding these
2 locations in an effort to provide services tailored to the
3 unique character of Brooklyn's many neighborhoods.

4 Programming, BRIC offers channel time to Brooklyn -- to the
5 Brooklyn public on a first-come, first-served basis. We are a
6 free speech forum that does not judge the programs as long as
7 they meet basic legal and technical standards.

8 Every quarter more than 500 volunteers submit programs that
9 we broadcast on four cable channels to 550,000 homes as well as
10 internationally over the internet. Over the past twenty-five
11 years, BRIC has broadcast an estimated half million hours of
12 programming, a half million hours of programming. These
13 programs represent every culture, language, nationality and
14 political viewpoint found in Brooklyn. More importantly, we
15 have been the only forum for many who are never seen or fairly
16 represented in mainstream media, providing vital, hyper-hyper
17 local media coverage of Brooklyn neighborhoods, issues, culture
18 and people. Since the launch -- since the launch BRIC produced
19 -- excuse me, since the launch of the BRIC-produced Brooklyn
20 Independent Media in October 2013, over 1,100 Brooklyn-based and
21 Brooklyn-affiliated guests have appeared on BK Live, Brooklyn's
22 first ever live daily show. Brooklyn Independent Media's civic
23 affairs programming highlights civic events, community board
24 meetings, live debates and interviews with local elected
25 officials.

1 Finally, this is what we ask for. We already have a
2 relationship with Time Warner. We came to an agreement with
3 them, and we would like to have a recommitment ceremony with
4 Comcast if they're going to come into the neighborhoods. This
5 is difficult, if -- if rewarding work. We all ask that Public
6 Access Operations and commitments to the city be kept whole
7 through this transition and the remainder of the current
8 franchise agreements. This is possible through the following
9 conditions:

10 Channels, maintain the PEG channel capacity at levels in
11 current franchise agreements. Cablecast PEG channels with the
12 same quality as the commercial channels. Keep the PEG channels
13 in easily accessed, stable locations.

14 Financial support, commit to stable financial support for
15 Public Access Services - vital training and production and
16 distribution services now provided to the digitally underserved
17 populations and hyper-hyper local media coverage regardless of
18 any shift in the cable markets facilitated by the concentration
19 of market power or otherwise.

20 And finally, assure that city revenues from franchise
21 agreements continue at at least the current levels, again,
22 regardless of any shift in the way the cable markets are defined
23 and the way the cable customers are defined.

24 We look forward to partnering with the city and state
25 governments and with Comcast to ensure that if this merger goes

1 through, it helps to close the digital divide. We can do this
2 by increasing our opportunity to develop partnerships with
3 schools and libraries, training people on the latest technology
4 and ensuring New Yorkers continue to have access to high quality
5 local and community programming. Thank you.

6 JUDGE PRESTEMON: That you, Mr. Riddle.

7 Katherine Williston is up now, and next will be Mr. Paul Alzate
8 of Common Cause.

9 MS. KATHERINE WILLISTON: My name is Katherine Williston.
10 I'm a resident of New York and simply a volunteer with Common
11 Cause. I'm a long time customer of Time Warner Cable. I
12 currently pay Time Warner \$131 for cable television service per
13 month. In addition, I pay Verizon \$159 dollars for my landline,
14 my cellphone and my DSL. In total I pay \$290 per month for
15 telecommunications utilities. I would like to take my business
16 elsewhere to get a better deal, but Time Warner and Verizon are
17 my only options where I live on the upper west side. I have a
18 friend, Barbara, who lives in London. She pays not quite 34
19 pounds or about \$58 a month for the same services, better
20 services, faster services, and her package includes long
21 distance to countries as far away as New Zealand and Australia
22 free. Barbara has seventeen providers in London to choose from.
23 What has happened to the idea of competition in the marketplace
24 that provides services and choices to customers so they can shop
25 around for better prices? What has happened is big money, big

1 money in our political system. So far this year Comcast has
2 contributed almost \$2,000,000 to the campaign office of members
3 of un-strategic committees and Congress. Comcast has spent an
4 additional \$18,000,000 last year on lobbying efforts to lobby to
5 convince lawmakers and regulators to overlook antitrust
6 considerations and to support the corporate interests over
7 public interests. Time Warner recently sent me a Dear Customer
8 letter in which they trumpeted their proposed merger with
9 Comcast. The letter stated that Time Warner and Comcast were,
10 quote, dedicated to delivering a great customer experiences.
11 They did not mention how much extra these great customer
12 experiences would cost me. The reality is this merger is
13 dedicated to blunting competition in order to increase the
14 political muscle of Time Warner and to increase their corporate
15 bottom line. I urge you to deny this.

16 JUDGE PRESTEMON: Mr. Alzate is up next, and following
17 Mr. Alzate, Frankie Miranda, representing the Hispanic
18 Federation.

19 MR. PAUL ALZATE: Thank you, members of this esteemed
20 Commission. Paul Alzate, A-L-Z-A-T-E.

21 I feel a little nervous having to follow that arousing
22 speech because that was a haymaker to the big fat cats that are
23 trying to dominate our little and fabulous state.

24 Now I'm here because I am a worried consumer. I am a
25 working man. I still have to live with my family because these

1 are very tough economic times. It is very hard for a working
2 man like me to live on my own, and now my family has to struggle
3 with rising rates and middling quality when it comes to
4 broadband. I am worried that with this upcoming potential
5 merger, this work hard, these rising prices will increase. Now
6 the honorable gentleman representing Comcast, he's made some
7 million dollar points regarding this upcoming merger. He has
8 mentioned things like New York City will be able to plug into a
9 better network for redundancy. Now redundancy is one of those
10 fancy words because experts like to use fancy words to try to
11 trick the public. Redundancy is simply a simpler way of saying
12 backup. So he's saying it's gonna provide backup. He's also
13 saying that we will be able to lean on better resources, that
14 through this merger there they will be able to meet consumer
15 demands by leveraging more resources, more resources and more
16 expertise. But the problem with this argument is that there has
17 to be more better ways to serve the needs of their customers
18 than a merger, which is obviously a way to feed their bottom
19 line at the expense of the consumer. I will not have this. As
20 a working man, as a -- as a member of my family that has to
21 struggle with bills, as a member of my community, as a New
22 Yorker, as an American, I cannot let this stand, and I implore
23 you members as honorable Commission, to try to do everything in
24 your power to block this merger.

25 Also, I would like to speak as a member of the Hispanic

1 Community in the United States. There are many of us. The
2 problem with this merger is that NBC Universal, they own one of
3 these -- they own, sorry, they own Telemundo. They are
4 competing with Univision and the CEO of Univision, his name is
5 Randy Falco, he has come out against this merger. Why, because
6 Telemundo owned by NBC Universal, which is owned by Time Warner
7 Cable, Time Warner, they have access to 91 percent of Hispanic
8 households in the United States. To let this merger go through
9 will be to allow more domination of households like mine. This
10 will mean higher prices for very important programming. This is
11 how we get our news about our culture back home. This is where
12 we get our entertainment. This will mean higher prices for us
13 and probably lower quality programming, and this is why I
14 further implore you to do everything in your power to block this
15 merger.

16 And I would like to conclude by -- by offering a little
17 history lesson for everyone in this room. During the Gilded
18 Age, the robber barons, they ruled the railways, and they preyed
19 on their customers. I implore each and every member of this
20 Commission to stop the future robber barons from controlling the
21 pathways of the internet. Thank you.

22 JUDGE PRESTEMON: That you, Mr. Alzate. Mr. Miranda up,
23 and following him will be Jack Bevacqua, also with Common Cause.

24 MR. FRANKIE MIRANDA: Good evening, everyone. My name is
25 Frankie Miranda, M-I-R-A-N-D-A. I am the Senior Vice President

1 of the Hispanic Federation Service, oriented membership
2 organization of nearly one hundred Latino health and human
3 service agencies dedicated to promote social, political and
4 economic wellbeing of the Latino community. The Federation
5 provides a wide range of services geared towards strengthening
6 Hispanic families and supporting Latino institutions, serving
7 well over two million Hispanics living in our region. I am here
8 not to speak or weigh in on the proposed merger. I'm here to
9 provide a different perspective. I'm here to speak about
10 extraordinary efforts that Comcast had provided to the Hispanic
11 residents of the State of New York through its support to the
12 Hispanic Federation programs. For almost a decade now Comcast
13 has partnered with the Hispanic Federation in numerous efforts
14 that have -- that have improved the quality of life of thousands
15 of New York residents, especially those of Latino descent. To
16 name a few examples, Comcast has supported our efforts to
17 educate parents about the importance of early childhood
18 education and provide them with tools that will help their
19 children obtain critical skills before their first day of
20 kindergarten. During the 2010 census Comcast joined our efforts
21 to reach as many New Yorkers as possible to educate them about
22 the critical importance of their participation and driving needs
23 -- needed sources to the region. Thousands have been registered
24 to vote, and many more have been educated on their civil rights
25 and duties, thanks in part to Comcast's commitment to our

1 mission. Muy Bueno, Hispanic movement, our board of
2 registration in civic engagement digital platform, was launched
3 thanks to the partnership with Comcast, and right now it's in
4 its fourth year. Muy Bueno has become a bilingual
5 multi-platform board of registration and city participation
6 campaign. I cannot emphasize enough how tremendously important
7 these Comcast initiatives are to our children, our families, our
8 community.

9 In summation, Comcast has been a pioneer and longstanding
10 supporter of many of our causes, providing quality, educational
11 programming in diverse communities throughout our region. We
12 value immensely their partnership and ongoing commitment to
13 community service and empowerment. Thank you.

14 JUDGE PRESTEMON: Thank you, Mr. Miranda. Mr. Bevacqua
15 speaking now, will be followed by Jeff Thomson, also with Common
16 Cause.

17 MR. JACK BEVACQUA: Thank you for the opportunity to speak.
18 Jack Bevacqua, B-E-V-A-C-Q-U-A.

19 So thank you for the opportunity to speak before you today.
20 My name is Jack Bevacqua, and I'm an intern for Common Cause New
21 York, a nonpartisan group, a resident of Westchester County,
22 New York. I am here to share my perspective as both consumers
23 and New York residents and express my deep concerns regarding
24 this occasion if the proposed merger were to be approved. As
25 has been widely discussed, this merger poses very real threats

1 to our state and its people's general welfare. Public
2 prosperity in both social and economic context is in today's
3 world dependent upon access to high-speed, affordable and
4 responsible internet and cable service. Given the fact that
5 Americans pay far more than citizens of other developed
6 countries' internet and at a substantially slower speed, which I
7 as a college student am unfortunately all too familiar with, we
8 are in dire need of a serious reform. Our nation's competitive
9 edge is dependent on the strengthening of these services and
10 competition between providers is the most effective force
11 available to achieve this end. Comcast loves to claim that one
12 of the foremost reasons why they're pursuing this merger is to
13 better serve us, their customers. They say that if only they
14 grow bigger and consume a greater portion of the
15 telecommunications market share, they will be able to innovate
16 and ultimately produce a better service to a wider range of
17 people. This is all despite the fact that Comcast is already
18 the U.S.'s largest cable provider and consistently ranked among
19 the absolute lowest in the customer satisfaction rating. The
20 company won the consumer's 2014 worst company in America awards
21 earlier this year and received an F for general corporate
22 governance by an independent shareholder research organization.
23 Yet they still retain the position of the world's largest and
24 most profitable mass media in communications. Aside from
25 questioning how it is that Comcast is still so successful,

1 despite their deeply unsatisfied customer base, something that
2 defies the promise of capitalism, why shouldn't we believe that
3 allowing them to become an even bigger, permitting them to earn
4 55 percent for the market for traditional cable service in
5 New York State would somehow be the key ingredient in making
6 their service better and customers more satisfied? On what
7 basis can we believe this? What lesson does history or basic
8 economic theory teach us about allowing monopolies to exist and
9 its effects on the consumer public. What is a company's
10 incentive to improve if it does not face competition or the
11 threat of failure? Perhaps most important, however, is how this
12 merger will violate New York's most basic premise.

13 Fundamentally New York is a state of concepts of innovation,
14 competition, efficiency and progress. Here we believe in a
15 system wherein those who play by the rules and maybe even help
16 serve others in the process have the opportunity to flourish,
17 not those who lie, cheat and exploit their way to the top. As
18 documented in the high profile Bloomberg LP v Comcast
19 telecommunications case, Comcast has sought to pursue their own
20 interests by deliberately pulling others down. In this case the
21 company participated in discrimination of, quote, video
22 programming distribution on the basis of affiliation or
23 non-affiliation with vendors, end quote, deciding not to place
24 Bloomberg News merger with NBC News, despite being deliberately
25 told by the FCC it could not encourage that. Why should we

1 believe that they will not employ similar tactics again to get
2 to an even more significant extent. How can we trust the
3 company to uphold the virtue of net neutrality, particularly
4 considering how it is sought to implement a data cap as a means
5 of becoming even more profitable? We must work as hard as we
6 can to hold Comcast accountable and let any future deficiencies
7 from arising within these areas.

8 So I ask our public officials, will you embrace a New York
9 in which the wealthy and powerful are permitted to become
10 wealthy and powerful at the direct expense of we, the people, a
11 New York in which these excessive businesses is not to rules,
12 regulations or our customers, but to political power granted
13 them, a New York in which a monopolism is favored over
14 innovation, choice and progress. I implore you to make the
15 right decision, the decision that will allow our state and its
16 people to continue to be integrate. I urge you to block this
17 proposed merger. Thank you.

18 JUDGE PRESTEMON: Thank you, Mr. Bevacqua. Up now is
19 Jeff Thomson of Common Cause; will be followed by Timothy Karr
20 of Free Press.

21 MR. JEFF THOMSON: My name is Jeff Thomson, J-E-F-F,
22 T-H-O-M-S-O-N, no P.

23 Thank you very much, Judge, and other commissioners for
24 this opportunity to discuss the proposed merger between Time
25 Warner and Comcast.

1 Now my name is Jeff Thomson. I'm from San Diego,
2 California, and I'm a student senior at New York University. I
3 articulate my opposition today to the proposed merely as one of
4 the millions of the Americans who have seen their bills rise
5 faster and higher despite having noticeably slower and unequal
6 internet speed, throughout not only the United States, but
7 comparatively to the rest of the world. Those in support of
8 this merger have argued that because these corporations are not
9 geographically competitive with each other, there is no threat
10 to cable consumerism, competition amongst providers or to
11 internet content neutrality. As far as competition goes, this
12 combined company post merger would be the sole cable distributor
13 in twenty-seven of the top thirty U.S. media markets. A
14 visiting Harvard professor recently noted that for business in
15 nineteen of the twenty largest Metropolitan areas their only
16 choice for high capacity wired connection will be Comcast.
17 After this merger Comcast will own about thirty percent of all
18 cable viewers and forty percent of all high-speed and internet
19 broadband users. Now along with this proposal would not only
20 increase the size, scope and reach of Comcast to satisfactory
21 services, but also allow Comcast to prioritize its own content
22 over competitors. As Senator Al Franken has recently noted,
23 Comcast has already been cut, quote, selective targeting --
24 selectively targeting and interfering with online competitors
25 despite assurances that it would not do so. Now this merger of

1 the first and second lowest rated companies, according to the
2 American Customer Satisfaction Index, will not only result in
3 further rate hikes, slower internet and crushing leverage over
4 content providers to fast track their own services.

5 Other side. Now Comcast has also articulated a desire to
6 cap the amount of data that we are allowed to access with our
7 subscription. Now I am against this, not as someone who sits
8 alone at night with bowls of ice cream watching Netflix, but as
9 a young man born at the dawn of a technological revolution who
10 has seen how powerful and transformative the internet has become
11 and has affected our world and our daily lives. Our world has
12 shifted from manual to automatic, from underground optic cables
13 to storage in the clouds, from hardware to software. Within my
14 lifetime, very short amount of time here, I have seen my
15 classrooms transform from chalkboards and clunky overhead
16 projectors to smart boards and class as a tablet. Homeworks
17 have shifted -- homeworks assignments have shift from a notebook
18 to my iPad and class registration as well as employment
19 opportunities are available online. The interactions with my
20 professors and my friends are often taking place behind a
21 computer screen. So this is not a unique situation. As
22 President Clinton observed in 1998, we are entering an age
23 where, quote, every child can stretch a hand across a keyboard
24 and reach every book ever written, every painting ever painted,
25 every symphony ever composed. I believe that universal access

1 to high-speed and affordable internet services serves as one of
2 the foundations of our society, the education of our children
3 and indeed of our very own human social existence.

4 Now I would like to devote simply a few seconds to
5 recognize who we as the every day people as consumers, customers
6 and soon to be college graduates, we are opposing this merger
7 not merely because it is the void of any public benefit or
8 interest, but also because if we do not voice our grievances
9 with this proposal, our voices will be drowned out by the drone
10 of corporate lobbyists. Now leading lobbying efforts in
11 Washington on behalf of Comcast is former FCC commissioner,
12 Meredith Baker, who actually beautifully initially approved the
13 Comcast/NBC Universal merger in 2011, and former FCC chairman
14 Mike -- Mr. Michael Powell, who is now serving as, quote, the
15 cable industry's leading advocate spokesman and representative
16 in its relationship with the U.S. Congress, the administration,
17 the FCC and other federal agencies as this former FCC chairman
18 served as president and CEO of the National Cable and
19 Telecommunications Association.

20 So I do hope with these inside voices, hopefully not
21 drowning us out, that those in Washington, especially those in
22 this room today, have heard why we the American people oppose
23 this merger, but I do apologize if my voice does not carry to
24 the capital and is not loud enough for them to hear. It is not
25 amplified by the millions of dollars in expected windfall

1 profits for executives, nor is it sustained by the air caused by
2 Washington DC's perennial revolving door.

3 Now I do know what speaks louder than money, louder than
4 parasitic lobbyists perching in the ears of lawmakers and louder
5 than lies from corporate executives, and that is the voice of
6 the American people. I hope those of you in attendance today
7 have heard what me and others have said and will continue to
8 say. We hope you join in our effort against this monopolistic
9 proposal, and we hope you stand with the American people. Thank
10 you very much.

11 JUDGE PRESTEMON: Thank you, Mr. Thomson. Speaking now is
12 Mr. Timothy Karr, and I will start spelling the names as long as
13 I can read them so you don't have to. It's K-A-R-R,
14 representing Free Press, and following him will be
15 Justin Marano.

16 MR. TIMOTHY KARR: Well, you'll be relieved to learn that
17 I've kept my comments to three minutes; however, Free Press has
18 looked at this issue extensively and has filed a number of very
19 lengthy documents related to the impact that this deal would
20 have on customers, would have on that, and would have on the
21 American public at large. As you mentioned, my name is
22 Timothy Karr. I am from Free Press, the public advocacy group
23 that fights for everyone's right to connection and
24 communication. Free Press has 55,000 members who call New York
25 their home. I first moved to New York City about twenty-five

1 years ago, and at that time the internet was in its infancy. I
2 had just been made -- it had just been made available under an
3 open quote. In this case millions of every day users power to
4 share information, create websites and connect with one another.
5 From there the network grew into a truly worldwide web, a
6 people-powered engine of economic opportunity and free speech.
7 For more than a decade I have represented the interests of these
8 internet users. Wherever they are in America, people have told
9 me one thing, they want an internet that is big and fast, open
10 and affordable. I'm here to tell you that this merger would
11 accomplish none of this. First, Comcast internet won't be big
12 and fast. Speaking in New York last month, Comcast executive,
13 David Cohen, announced plans to move entirely to a usage-based
14 billing model. Comcast intends to charge extra fees to any
15 customer who exceeds the company's data caps. This is Comcast's
16 way of penalizing customers for using their connection in
17 innovative ways. By squeezing our use, the cable monopoly will
18 cripple the types of homegrown innovations that have become the
19 hallmark of the internet. Second, Comcast, Comcast's internet
20 won't be open. Don't believe Comcast's spin about net
21 neutrality. Yes, the company has to observe open internet rules
22 as a condition of its merger with NBC Universal, but Comcast has
23 no plans to protect net neutrality once these terms expire. It
24 already has a deplorable track record. In 2007 Comcast was
25 caught red-handed blocking user access to Bighorn. Comcast is

1 now trying to engineer new ways to extort money from Netflix,
2 whose video services had slowed to a crawl over its network.
3 Comcast also spends tens of millions on campaign contributions
4 and lobbyists, including money for some of Washington's most
5 outspoken opponents of net neutrality. It's a money and
6 politics scheme that is heavy invested in the death of the open
7 network. And finally, Comcast internet won't be affordable.
8 Over the past seventeen years the price of Comcast basic cable
9 service has grown at more than twice the annual rate of
10 inflation. Even its Internet Essentials program designed to
11 connect low income families has come under heavy criticism for
12 many who have tried but were denied access after getting scared
13 in Comcast's red tape, and yet analysts put the company's
14 broadband profit margin at eighty percent or higher. Really, is
15 it any wonder that Cablevision is so profitable, there's no
16 competition. Most U.S. consumers have just one choice of cable
17 provider, and this situation will only get worse and more costly
18 if we approve this merger. There isn't a single good reason to
19 do that. The Comcast/Time Warner Cable merger just makes no
20 sense.

21 JUDGE PRESTEMON: Thank you, Mr. Karr. Just let me say
22 that all of the comments tonight have been very reasonable in
23 length, and I thank you for that greatly. It doesn't make a big
24 difference to me because it's my job, but it might have made a
25 big difference to someone who came here at 6 and didn't get to

1 speak 'till midnight, so this is very good, and I appreciate it.
2 So up, Mr. Justin Marano, M-A-R-A-N-O, and he will be followed
3 by Benjamin Solotaire.

4 MR. JUSTIN MARANO: M-A-R-A-N-O. Good evening, and thank
5 you for the opportunity to speak this evening.

6 As a member of one of the countries's largest distributor
7 and brokers of technology services, we have relationships with
8 not just Time Warner Cable and Comcast, but the other major
9 cable companies as well, such as Cablevision, Bright House,
10 Charter, Suddenlink, you know, to name a few. We also obviously
11 have partnerships with telecom companies, all the major I-lect,
12 C-lect fiber providers across the country. Our partners who
13 are, in most part, small businesses and are bars, interconnects,
14 network integrators, MSPs, IT solution providers, all align with
15 my organization to be a carrier not a consultant, and offer
16 carrier network cloud and collaboration service solutions
17 through the carriers in our portfolio to their endusers. With
18 New York City being the epicenter of commerce in the U.S., many
19 not just mid-market and enterprise customers, but SMB
20 multi-location customers as well have locations within New York
21 City.

22 Now in today's environment I heard a lot of people talk
23 about residential service, you know, we only deal with B to B,
24 and Comcast nor Time Warner Cable is even an option for these
25 guys. You know, anyone with locations, whether it's regional or

1 national in scope, cannot use either company's network as an
2 option for their WANN solutions. And with business and IP
3 broadband thriving due to, among many other things, the paradigm
4 shift in technology to cloud services as many others have
5 mentioned, you know, approving a merger like this would really
6 just give customers an alternative access to typically the
7 incumbent I-lect, who's probably -- whose connectivity, their
8 services are probably running over today. Now you can think
9 about customers who don't have a location in New York and are
10 looking to extend into this market, which could mean an
11 additional opportunity. If they're on an existing Comcast
12 network, they're gonna look elsewhere because they can't expand
13 their network into this, you know, in one of the country's
14 largest markets. And that's all I have to say. Thank you.

15 JUDGE PRESTEMON: Thank you, Mr. Marano. Now speaking is
16 Benjamin Solotaire, spelled, S-O-L-O-T-A-I-R-E, and he will be
17 followed by Tosha Miller.

18 MR. BENJAMIN SOLOTAIRE: Thank you to members of the Public
19 Service Commission for holding this hearing. My name is
20 Benjamin Solotaire, and I'm here to represent the Fortune
21 Society where I work in the David Roth Emergency Center for
22 Public Policy. The Fortune Society offers a holistic array of
23 programs and services designed to help all who are formerly
24 incarcerated successfully reenter society as well as an
25 alternative to incarceration program. Our programs focus on the

1 tangible ways that can help people successfully reenter into
2 society and strengthen the fabric to our community. The impact
3 of the Fortune Society is profound. Our programs have helped
4 participants avoid over 88,000 days in jail, prison in one year,
5 saving the City and State of New York over 8 million dollars.
6 Our program saved taxpayers an average of \$22,000 per day. Our
7 relationship with Manhattan Neighborhood Network, who spoke
8 earlier, is critical to our mission and vision. For more than
9 three years we have been taping our monthly show, Both Sides of
10 the Bars of MNN Studios. Working with MNN enables the Fortune
11 Society to raise awareness of issues that impact not only those
12 who are or have been incarcerated, but issues that touch the
13 life of every single New York City resident. We dedicate
14 ourselves to educating the public about the deficiencies within
15 our current prison system so that everyone feels compelled to
16 play a role in creating a fair and humane correctional system
17 that truly rehabilitates people. MNN's facilities, equipment
18 and support provide us with an unmatched opportunity to tell our
19 story, raise awareness, further our mission and increase the
20 positive impact in making communities throughout New York City.
21 Both the Fortune Society and Manhattan Neighborhood Network play
22 vital rolls in providing services to residents of Manhattan.
23 The proposed 45 million dollar merger of Comcast and Time Warner
24 will lead to a company that provides cable to almost
25 thirty-three percent of households and high-speed internet

1 service to almost forty percent. As you consider the
2 implications of a merger between Comcast and Time Warner Cable,
3 I urge you to strengthen the public access and to ensure that it
4 is visible and accessible to everyone in the borough. Thank you
5 so much for this opportunity to testify today.

6 JUDGE PRESTEMON: Thank you, Mr. Solotaire. I just wanted
7 to mention that if anybody thinks otherwise, once you've spoken
8 you don't have to hang around, but if you'd like to hear all of
9 the other interesting comments, please do so.

10 AUDIENCE SPEAKER: I'm sorry, I didn't hear what you said.

11 JUDGE PRESTEMON: I said that those who have spoken do not
12 have to stay here for the full meeting if they don't want to. I
13 just want to make that clear, and but if you want to stay and
14 hear what others have to say, that's fine also.

15 AUDIENCE SPEAKER: It's only polite that we listen to them
16 because they've listened to us, and it just supports us.

17 JUDGE PRESTEMON: Good. Tosha, am I pronouncing that
18 correctly?

19 MS. TOSHA MILLER: Yes.

20 JUDGE PRESTEMON: Tosha is spelled T-O-S-H-A, Miller.

21 MS. TOSHA MILLER: I'm Tosha Miller. I'll be representing
22 the New York City Black Chamber of Commerce, as well as myself
23 as a citizen. I know how important it is to have affordable
24 income, especially when you're in a underserved area. So just
25 focusing on the Internet Essentials, I was a person in a

1 underserved area that could not afford a computer or afford
2 internet service. So I think the program that they have here is
3 phenomenal. I mean I understand with seniors that are on a
4 fixed income, you know, it's hard for them to afford internet; I
5 really understand that, but young people, people in school that
6 have homework to do, to have a program like this is -- is great,
7 and the expansion of two companies together is even better. So
8 with the Chamber of Commerce, New York City Chamber of Commerce,
9 which I'm under the National Black Chamber of Commerce, which is
10 located in DC, we support small business owners, especially with
11 procurement contracts. I think last year alone or in 2011 Time
12 Warner spent, with supplier diversity on minority MWBE
13 companies, 256.5 million dollars to those small business owners.
14 With that being said, that creates jobs. It creates extra
15 income, especially those individuals, I know many that have been
16 -- were laid off in 2008 and started their own businesses and,
17 you know, and now they -- they get these procurement contracts
18 with the government, you know, the cities, the state or
19 companies like Comcast or companies like Time Warner or other
20 organizations. I think that the merger between the two
21 companies, I'm not -- I don't understand the -- the whole
22 concept and too big to fail. He said that they're just stepping
23 in the shoes and becoming Time Warner, so I don't see, you know,
24 where there's any major issues. Perhaps there could be some
25 more incentives in terms of the Internet Essentials where they

1 could, you know, maybe make it more affordable to senior
2 citizens based on their income, you know, 'cause I understand,
3 you know, their -- their concerns and, you know, but I also have
4 been a person that maybe made a low income, and but I just may
5 have found other ways to get my internet service. I may have
6 gone to the library. I might have downgraded my service. I
7 might have to cut back on various different things, but I -- I'm
8 in support of -- of this merger.

9 JUDGE PRESTEMON: Thank you, Ms. Miller. Next up
10 Gregory Rose, Queens Chamber of Commerce, and he will be
11 followed by Fitzgerald Miller of One Hundred Black Men.

12 MR. GREGORY ROSE: Hello. My name is Gregory Rose from the
13 Queens Chamber of Commerce. I'm representing Jack Friedman and
14 the Chamber Executive Director, and I'll be reading his
15 testimony here today.

16 Thank you, Chairman Zibelman and the rest of the Commission
17 for having me here today. My name is Jack Friedman, Executive
18 Director of the Queens Chamber of Commerce. As technology
19 continues to change the way we communicate and interact with one
20 another, it is important that entrepreneurs in Queens and
21 throughout the city are able to access the latest innovations to
22 enhance their interactions with customers. We have every reason
23 to believe that the proposed merger between Time Warner Cable
24 and Comcast will help small businesses in Queens as it continues
25 to play an important part of our economy. We have been talking

1 about the lack of access of broadband, particularly in boroughs
2 other than Manhattan since 2012 when the Center for an Urban
3 Future came out with a report titled New Tech City. After
4 speaking with many tech companies, they discovered that it was
5 hard for them to find a place to work because in areas where the
6 rent was less expensive, such as Queens, the buildings did not
7 have adequate access to the internet. While there is more
8 broadband access now than there was in 2012, it still remains a
9 problem for small businesses to receive acceptable service. In
10 other cities, Comcast has not only brought internet access to
11 places which previously had no broadband, but also improved it
12 in areas that already did. In places where Comcast has brought
13 internet access to homes and small businesses, these communities
14 received up to 270 megabytes per second, up from 85 megabytes
15 per second, helping to enhance what restaurants, barber shops
16 and doctors' offices are able to accomplish. It should also be
17 added that if this merger is approved, Comcast will not be the
18 only provider in the city. Millions of residents have cable and
19 internet providers that are not Time Warner Cable, and Comcast
20 will only be able to serve those residents if those residents
21 decide to change their service.

22 We believe that the merger between Time Warner and Comcast
23 will enhance small businesses in Queens capabilities and help
24 ensure a strong and growing economy. Thank you.

25 JUDGE PRESTEMON: Thank you, Mr. Rose. Mr. Miller, will be

1 followed by Elnora Watson of the Urban League of Hudson County.

2 MR. FITZGERALD MILLER: Good evening, commissioners. First
3 name, Fitzgerald, last name is Miller, M-I-L-L-E-R. I currently
4 serve as the president of the One Hundred Black Men in New York,
5 and in 2004 we partnered with the Bloomberg Administration to
6 create the Eagle Academy for Young Men in the South Bronx. This
7 September we'll open up our sixth school. One of the things
8 that I've learned when you work in a poor neighborhood is access
9 to technology in a fast, global marketplace, particularly having
10 this national debate of how we fix our school systems, charter
11 versus public, and how do we make the learning environment for
12 our young people engaging, but more importantly, give them an
13 enhanced learning experience. I can most certainly tell you on
14 behalf of our chairman, Curley Dossman, One Hundred Black Men of
15 America, and the 116 chapters nationwide, our relationship with
16 Comcast, although as a 501C organization, we do not give any
17 legislative advice or make an opinion, but most certainly we can
18 share our experiences. Our relationship on a national basis
19 with Comcast with this Internet Essentials program is
20 phenomenal. Specifically, in Atlanta, Georgia, One Hundred
21 Black Men of American where we have five chapters includes some
22 extraordinary work where young folks, perhaps who cannot have or
23 do not have access to the internet, through that relationship we
24 make enhanced improvements in the learning environment. And
25 Washington DC, in our nation's capital, One Hundred Black Men of

1 Washington DC, again is showing promising results with this
2 program. Chicago and Detroit and the list of the One Hundred
3 Black Men affiliated chapters are doing some incredible work
4 through this program. I know Mrs. Miller moments ago who
5 mentioned the diverse program, no affiliation between the two of
6 us, I can most certainly tell you in the local New York market
7 One Hundred Black Men of New York are experienced with Time
8 Warner Cable. What is diverse program MWBEs has experienced
9 some extraordinary benefits and opportunities. When you
10 consider the unemployment rate in the African American community
11 here in New York City ranging about twenty-two percent and
12 thirty-six percent between young people between the ages of 18
13 and 26, which, unfortunately, is leading them to some perhaps
14 not so good behavior on the streets, we believe these job
15 opportunities that when you talk about the 6 billion dollars
16 that Comcast and Time Warner have invested in the investments
17 potential in the future can benefit all of us. Now I'm not here
18 to debate the merits and the terms of the investment because we
19 all know there's no marriage which is perfect, but I believe
20 that this council under all of the comments we heard and most
21 certainly speaking with the players involved, I'm sure that you
22 can come up with a prenuptial agreement that everyone will be
23 happy. So with that, please do not rush out to sell your stock,
24 but I thank you for your time, and most certainly on behalf of
25 our chairman, Dossman, of One Hundred Black Men of America, and

1 all our affiliated chapters, we share those comments with you.

2 Thank you.

3 JUDGE PRESTEMON: Thank you, Mr. Miller. Elnora Watson,
4 up, and the first name is spelled E-L-N-O-R-A Watson. She will
5 be followed by Gary Greenberg.

6 MS. ELNORA WATSON: Thank you. Thank you for this
7 opportunity here this evening. I am Elnora Watson, CEO of the
8 Urban League of Hudson County, New Jersey, and a proud community
9 partner of Comcast which has helped support our coalition to
10 improve the educational, professional and social opportunity for
11 persons who are impacted by poverty. Through Comcast's days we
12 have experienced the hands-on roll up your sleeves mentality of
13 employees in management of Comcast. We have been the
14 beneficiary of countless volunteer hours, including painting and
15 upgrading of our systems and helping us to create a welcoming
16 and functioning space in which to operate and have been some --
17 have been some of the outcomes of these volunteer days. Adding
18 to our core competence of empowering communities and changing
19 lives, Comcast has invested in our mission to make the Comcast
20 digital connectors and Internet Essentials program, which has
21 helped us to prepare individuals for computer-related jobs,
22 digital skills, digital media production and computer
23 networking. Each of our connectors, 14 to 21 years of age, low
24 income graduates in this program received crystal certification
25 and a notebook upon completion. These graduates are part of a

1 national force, but locally our connectives have helped more
2 than 12,000 families connect to the web and impacted the lives
3 of more than 9,000 low income families by providing them with
4 transformative access. In New Jersey this is very important.
5 The state broadband initiative in New Jersey could have
6 substantially more impact on workforce development, education,
7 small business and healthcare. The platform which digital
8 demands can be met through support the workforce development,
9 increase educational opportunities, and it also enables
10 businesses and healthcare to improve their services. On all
11 fronts I have -- I have to implore the evidence and partnerships
12 we have found in Comcast. Our digital connectors received
13 training to reach out to the community and bridge the digital
14 and skills gap through a 10 dollar a month internet access
15 program offered by Comcast. Countless members of our community
16 who otherwise are not able to afford are able to get broadband
17 access and these Comcast connectors, these digital connectors,
18 our programs, had a special initiative to reach out to seniors
19 to help them use what equipment they did have and help to
20 acquire other equipment for them. And so I cannot underscore
21 that the four areas which are significantly impacted by
22 increased broadband access are areas that we at the Urban League
23 of Hudson County care about deeply. I can attest that Comcast
24 has stood with us in creative ways to bridge the gap and beyond,
25 and as you weigh the pros and cons of this acquisition, I simply

1 want to underline our experience of -- with Comcast as the
2 organization that takes corporate social responsibility
3 seriously and who has demonstrated this for us repeatedly.

4 Thank you.

5 JUDGE PRESTEMON: Thank you, Ms. Watson. Now speaking is
6 Mr. Gary Greenberg, spelled G-R-E-E-N-B-E-R-G, of the Boys and
7 Girls Clubs. He will be followed by Michael Reichenberg.

8 MR. GARY GREENBERG: I'm Gary Greenberg. I'm the Executive
9 Director of the Boys and Girls Clubs of Hudson County. It's
10 wonderful following Ms. Watson. We've worked together and been
11 colleagues in Hudson County, serving youths and families in
12 Hudson County for many, many years. I've been with the Boys and
13 Girls Club of Hudson County for thirty-eight years. I just --
14 I'm here really tonight to take this opportunity to thank
15 Comcast and thank somebody like Charles Smith, who is just not a
16 distant corporation, but they've become really -- and I would
17 call them more than corporate partners, but I would really call
18 them as friends. I want to thank them for bringing the Internet
19 Essentials program into Jersey City and into our community. I
20 mean I know I was there firsthand when it was introduced at
21 Public School Number 7, we were up there, and I have to say that
22 the school was jam packed and it was extremely well received.
23 In addition, I also know firsthand, matter of fact, just on
24 Monday night that we actually connected a parent who is
25 developmentally disabled who has an autistic son and have --

1 actually our staff connected them and made the contact for her
2 and was able to get them to access and become part of the
3 internet, the Comcast Internet Essentials program. So, you
4 know, we're very, very thankful for that. I would also like to
5 thank Comcast because they've been providing a funding
6 opportunity to the Boys and Girls Clubs of Hudson County where
7 they have been the sponsor of our technology centers for many,
8 many years. At first we had one technology center which had
9 twenty, you know, computers in a beautiful center that many,
10 many kids were jamming into. It was so popular, in fact, that
11 we had to open up a second technology center just to accommodate
12 the number of young people that want -- that needed access to
13 it. Also at the Boys and Girls Clubs of Hudson County, not only
14 are we an after-school program, but we also have a Montessori
15 school, and in September we're actually opening a charter school
16 for the health sciences, a high school. So we really thank
17 Comcast for being with us as friends and we also made a
18 commitment; we're moving into a new Boys and Girls Club that's
19 about to open actually in a couple of weeks, and they've
20 committed funding for that -- for the technology centers in the
21 new facility through 2016, so not only will 250 high school
22 students a day have access to our technology center, then we
23 stay open until 8:00 in the evening and then actually we have
24 adult programs until 11 o'clock at night, and the Boys and Girls
25 Club is open seven days a week practically around the clock.

1 I'd also like to thank Comcast for -- for Comcast Cares Day who
2 came down to the Boys and Girls Club and with our kids and with
3 our staff and with our other volunteers and board members
4 completely refurbished the Boys and Girls Club and beautified it
5 that made it much more pleasant and a much more stimulating
6 environment for everybody to use, and it was just an outstanding
7 day. Also, for more than a ten year period, we've always --
8 we've -- we have a dinner that -- for 400 people, 200 of our
9 Boys and Girls Club young members of sponsored by -- by the
10 business community, by members of the business community, and
11 Comcast has always been there. They've always been mentoring
12 our kids. They're back year after year, and just as a good luck
13 charm because I'd like to be able to fill the hole that we, you
14 know, that where it's conducted. I always make it a point to
15 call Charles as my first call because that's my good luck charm
16 in order to fulfill and sell out and give our kids an
17 opportunity to have dinner with members of the business
18 community all along the Jersey City so-called gold coast. I
19 would also like to thank Comcast for the opportunity of not just
20 me, but my other Boys and Girls Club colleagues of the other
21 executive directors from around the state who we get the
22 opportunity to participate in the newsmakers program, where I
23 get, I think it's five, six, seven, eight to ten minutes of an
24 opportunity to tell the public at large and educate the
25 communities in our catch man areas about the Boys and Girls Club

1 and the opportunities that we provide, and I can't tell you how
2 many places I go and so on and so forth where people come up to
3 me and say oh, you're the guy from the Boys and Girls Club, how
4 do I get my child into your programs and so on and so forth, and
5 I know that this happens all over the state. So on behalf of
6 all of the members and children and their families who -- who
7 come to the Boys and Girls Club and practically, you know, call
8 that their second home and representing other Boys and Girls
9 Club directors from around New Jersey, I just want to thank
10 Comcast for everything that they've done for us, and I just
11 cherish the friendship, so thank you.

12 JUDGE PRESTEMON: Thank you, Mr. Greenberg. Next speaker
13 is Michael Reichenberg, R-E-I-C-H-E-N-B-E-R-G. Is he here? I
14 guess not. We'll put that aside in case he just stepped out
15 briefly. So we'll go to Keith White of the Christian Cultural
16 Center. This is what happens as you get to the bottom of the
17 stack.

18 The next speaker would have been Michael Simas of
19 Partnership for New York City. He also had to leave, but he
20 left a copy of his -- a written copy of his comments, which we
21 will post on the Commission's website under the public comments
22 section for this case.

23 So that brings us to Bruce Kushnick.

24 MR. BRUCE KUSHNICK: Kushnick.

25 JUDGE PRESTEMON: Kushnick.

1 MR. BRUCE KUSHNICK: I'll spell it. I know my handwriting
2 is terrible. I failed penmanship in grade school. Sorry, and I
3 admit it. K-U-S-H-N-I-C-K, Bruce. My mom wanted me to become a
4 doctor. I didn't fulfil her obligation, so.

5 My name is Bruce Kushnick. I work for New Networks. We
6 recently published a report with the Public Utility Law Project,
7 which you are probably familiar with, called It's
8 Interconnected. It has a section about Verizon New York and its
9 fiberoptic deployment, which is a separate subject. It also has
10 a section called, a special section on Time Warner and the
11 special -- and the social contract, and the Time Warner
12 situation in New York.

13 For those of who don't know, in 1995 the FCC decided that
14 it had to go out and solve a couple of hundred different
15 complaints filed by the cable companies pertaining to the fact
16 that they wanted to go into new businesses and wanted to raise
17 rates to go out and build these new parts of the network. They
18 wanted to go into the internet service and broadband service.
19 In 1995 Time Warner signed a contract called the social contract
20 with the FCC that was for five years that was supposed to end in
21 the year 2000 where they were supposed to spend 4 billion
22 dollars, and they were supposed to go out and they were allowed
23 to raise rates a dollar a year, so that it would be \$5 by the
24 end of the year 2000, and in order for them -- and they would go
25 out and actually upgrade the networks, and B, they would wire

1 all of the schools within the franchise areas, and they would do
2 it at cost, and they would do the wiring at cost, and they would
3 do the rooms at cost. And it turned out that in 2001 when the
4 contract expired, the \$5 was never removed from the bill.
5 They've been collecting the \$5, as far as we can tell, for the
6 last thirteen years in the State of New York and all other
7 states. Comcast has done the exact same thing. Starting in the
8 year 2000 Comcast has -- Comcast and Verizon -- sorry, Comcast
9 and Time Warner have collected 49 billion dollars for the social
10 contract, which is \$5 extra per customer per month, which is \$60
11 a year for the last thirteen years. Two, we have no idea how
12 many schools were wired. In fact, we can find of the auditors
13 that we work with in multiple states dealing with Time Warner
14 and Comcast, we could not find any of the -- any of the school
15 boards or any of the principals who had wiring done by Time
16 Warner under the social contract.

17 Now there are two questions. Question one, did they
18 collect in New York 1.7 billion dollars over the last thirteen
19 years for the 2.6 million customers, every year collecting \$60
20 extra for the wire of schools? Now if it was a contract with
21 the state -- with the FCC and it was terminated and it was
22 expired, which it was, did they collect money illegally past the
23 year 2000? We believe the answer is yes. Two, we believe that
24 if they are collecting the money, then they should have been
25 wiring the spools. We are asking every franchise holder in the

1 country to go out and find out what the hell happened with the
2 money and what the hell happened with the wiring of every school
3 because every school in the United States in the Time Warner and
4 Comcast areas should have had a fiber -- a fiberoptic or coax
5 wire or a cable modem service that was an internet service paid
6 for at cost for the cable modem and paid for by the wireless
7 schools. We have seen no audits by the state or by the FCC at
8 this point. So we are asking the state before they sign any
9 agreements or make this -- these mergers go through, that they
10 audit the books to find out if the schools had actually gotten
11 wired at any point between 1995 and 2014 under the social
12 contract, and B, was the \$6 -- \$5 a month added to the bills,
13 and B -- and C, was it ever removed from the bill starting in
14 the year 2001. That's pretty much it.

15 I will give you one other finding. It turns out that in
16 our report we go through the profit margins of Time Warner.
17 Time Warner, it cost Time Warner's internal numbers \$1.34 a
18 month to offer internet service, high-speed internet service to
19 the customers, and I believe their average is \$34 from the
20 customer. If customers have paid since 2000, \$5 a month to have
21 the networks upgraded, and to basically wire the schools and
22 then we find out that the profit margins are 97 percent for Time
23 Warner, isn't this a little -- shouldn't we question whether or
24 not there should be a merger? Also you should know this
25 happened in all the Comcast areas as well. So we are asking

1 before anything is done in the state, to have an investigation
2 of all of our -- which we filed already at -- with the -- with
3 the Commission, and PULP has filed separately about the Comcast
4 essentials, and please read our comments. They are available.
5 We posted them as of yesterday. Thank you very much. If you
6 have questions, please let me know.

7 JUDGE PRESTEMON: When was the study performed?

8 MR. BRUCE KUSHNICK: Our study was done in May -- May 2014.
9 The social contracts were actually written in 1995. We have
10 links to all of the documents, and they're available.

11 JUDGE PRESTEMON: You performed the study for the Public
12 Utility Law Project?

13 MR. BRUCE KUSHNICK: We -- Public Utility Law Project hired
14 New Networks to do the study.

15 JUDGE PRESTEMON: Is the study available online --

16 MR. BRUCE KUSHNICK: On line.

17 JUDGE PRESTEMON: -- website?

18 MR. BRUCE KUSHNICK: And I'll be glad to send information
19 that everybody has a copy because I think it's -- I should tell
20 you the other punch line because you asked about the wiring --
21 the wiring of New York State. Verizon has only wired twenty
22 percent of the territory; however, there's been three rate
23 increases in the State of New York that started in the year 2005
24 that said they were for massive deployment of fiberoptics and
25 losses. Our study showed that the massive deployment of

1 fiberoptics, which was FIOS, because it was -- it was
2 FIOS-based, based on a title 2 common carriage
3 telecommunications network service, and they were able to use
4 the utility rights-of-way and charge customers for the cable
5 parts based on that finding, and two, they collected something
6 like 4 billion dollars from pots customers to pay for that
7 wiring. So if you want to know what's gonna happen to the
8 state, Verizon will stop doing the upgrades. Oh, literally only
9 eighty percent of the state is not gonna get wired as far as
10 municipalities and there will be no competition, and Verizon is
11 filed basically to shut down all the copper in their
12 territories, and they started in the Rockaways, filing with the
13 251, Section 251 location, which basically said in the area of
14 the Rockaways we are going to shut off all the copper and for
15 50,000 people we are going to file it with the FCC because we
16 can. That's the only paperwork we're gonna do, and essentially
17 we have no more obligations whatsoever. We asked whether or not
18 that wire that was -- is the title 2 part of the utility or is
19 it basically owned by Verizon as a private property. This --
20 these -- these big questions, this means that there will not be
21 any competition of wires by Verizon to -- to Time Warner in the
22 State of New York if we are right. So whether -- if the merger
23 goes through, you're basically sitting here with whatever is
24 there in the ground with Time Warner, and Comcast will be there.
25 There won't be any competition for it, and Verizon is not going

1 to show into FIOS in most of the areas to compete, so the prices
2 cannot go down. There is no other competitor around that can
3 offer services, and putting all these people on wireless and
4 shutting off copper, as you know, with the Fire Island docket
5 that was open, we showed that the cost -- the cost models that
6 were done by Verizon are basically made up. All of the expenses
7 that we found, that basically a lot of losses are being created
8 by the various parts of the business basically dumping expenses
9 into the utility raising rates, raising the expenses, and
10 Verizon New York has paid no taxes for the last five years,
11 income taxes. So as far as the ultimate question about the
12 merger here, what we are left with is one big question, if
13 Verizon isn't going to show up and Time Warner/Comcast goes
14 through, they can just raise rates at will, as they've shown to
15 do. So we are asking for investigations of these issues today,
16 and we will definitely get you all reports, no problem. Thank
17 you very much.

18 JUDGE PRESTEMON: Our next speaker will be Thomas Kamber.
19 Is Mr. Kamber here?

20 THE WITNESS: Yup.

21 JUDGE PRESTEMON: That's spelled K-A-M-B-E-R, and following
22 Mr. Kamber we will have Eileen McCorry.

23 MR. THOMAS KAMBER: I want to thank the members of the
24 Commission for holding the hearing and for waiting so long with
25 us into the evening.

1 I am the Executive Director of a nonprofit called Older
2 Adults Technology Services, called OATS, and we are a
3 ten-year-old nonprofit networks with senior citizens doing
4 training and programming technology for older adults. We run
5 twenty-four centers in New York City. We've trained over 20,000
6 people to go online and have built over thirty technology
7 centers here in New York. We're, in the broad sense of the
8 challenges in senior phase going on, we provide a lot of the
9 technology training and programming around getting people
10 connected, but one of the real challenges they had is
11 connectivity and particularly cost. It comes up a lot and even
12 today only forty-one percent of seniors are using broadband at
13 home. The center does studies every year tracking these
14 numbers, and seniors always lag the general population by a
15 fairly large, you know, ten, twenty points in terms of broadband
16 adoption. Only sixty-one percent are using internet at all
17 right now. In that context we've long seen Internet Essentials
18 as a real option. That kind of a model is really promising, and
19 even before Internet Essentials Comcast was interested in
20 seniors and working with these issues in New York. They sent
21 executive level people up to one of our programs up in the Bronx
22 back in 2007, constituent sites, and learned from the models
23 that we were doing before setting up Internet Essentials. We've
24 been down to Philadelphia, Comcast Care Days and volunteered
25 there training with the local people and there seems to be a

1 real commitment to learning and developing a program that will
2 meet the need as a result. So we see the merger in that context
3 as providing opportunity to do something really profound with
4 Internet Essentials. We felt that Internet Essentials should be
5 something that we can take advantage of here in New York for a
6 long time. Obviously every program can be improved. We'd like
7 to see it serve as many people as possible and can be as
8 successful as possible, but seniors really need the
9 connectivity, and absent major government program that's
10 providing it right now, this is the best opportunity we've had
11 to get it. Thank you.

12 JUDGE PRESTEMON: Thank you. Eileen --

13 MS. EILEEN MCCORRY: It's M-C-C-O-R-R-Y.

14 JUDGE PRESTEMON: Thank you, and Ms. McCorry will be
15 followed by Melissa Baker.

16 MS. EILEEN MCCORRY: My name is Eileen McCorry. I am a
17 resident of Manhattan and a Time Warner Cable customer. As has
18 been noted by several previous speakers, there are several very
19 good reasons that I am as opposed to the multibillion dollar
20 Comcast acquisition of Time Warner Cable. The merger will
21 concentrate too much market power in the hands of one company.
22 If approved, it would combine the largest cable -- it would --
23 the merger would result in the largest cable and broadband
24 company in the United States. Even without this merger, the
25 telecommunications industry has limited competition, especially

1 in the critical market for high-speed internet service.
2 Combining two already big companies into one giant industry
3 behemoth would give Comcast even greater control over the cable
4 television and broadband internet markets, leading to higher
5 prices, fewer choices and even worse customer service for
6 consumers. I would like to focus on the damaging effects on
7 consumers like myself. The merger would combine two huge
8 companies that already score poorly when it comes to customer
9 satisfaction. According to a latest Consumer Reports survey of
10 consumers, Comcast and Time Warner are among the worst rated
11 companies in overall customer satisfaction for TV service.
12 Comcast and Time Warner Cable ranked in the bottom third of
13 companies rated on overall satisfaction with internet service.
14 Both companies received especially poor marks for value and low
15 ratings for phone/online customer support. Comcast ranked 15th
16 among seventeen television service providers included in the
17 ratings and earned particularly low marks from consumers for
18 value for the money and customer support. Time Warner ranked
19 16th overall for television service with particularly low
20 ratings for value, reliability and phone/online customer
21 support. These low rankings for customer service can in part be
22 explained by the lack of competition in the cable market. When
23 companies know that customers are unlikely or unable to switch
24 providers, customer service becomes less of a priority. These
25 companies already have little incentive to provide quality

1 customer service, but a merged company with increased market
2 power and an even larger national presence will have even less
3 incentive to address consumers' needs.

4 I'm gonna give a personal example, and it wasn't just me;
5 it was a number of people in New York and throughout the United
6 States. The recent outage of Time Warner Cable's Road Runner
7 e-mail service is a case in point. I and countless others could
8 not access e-mail for the better part of a week. Time Warner's
9 response was a case study in how not to respond. Complaints
10 were logged by Time Warner's Road Runner customers on Time
11 Warner's online customer service forums, their Facebook page by
12 the hundreds and on numerous other user community forums across
13 the internet. The company's response was to minimize the
14 situation, and I'm gonna quote what their response was; quote,
15 some of -- some of our internet customers who use Road Runner
16 e-mail have been affected by an intermittent issue. Our
17 engineers are working to resolve the issue as soon as possible,
18 and we are sorry for any inconvenience, end quote. This became
19 a sort of mantra, repeated over and over on the website, on the
20 phone, in statements to the media. No indication of a cause,
21 the steps being taken to mitigate the situation and estimated
22 timeframe for resolution. According to an article in USA Today
23 that appeared on Thursday, June 12, again I'm quoting from the
24 article, quote, company spokesman Scott Pryzwansky said that the
25 problem affected customers in multiple markets, but it was

1 intermittent, and the vast majority of our internet customers
2 weren't affected at all. The company declined to give specifics
3 about the scope of the e-mail issue. Pryzwansky said the
4 company's engineers are working to resolve the issue as soon as
5 possible. Okay, this appeared last Thursday, a week ago. The
6 issue has still not been completely resolved by the following
7 Monday, the Monday of this week. Time Warner has an estimated
8 15 million customers across twenty-nine states and 2.6 million
9 in New York. By my calculation, that means one and a half
10 million nationwide customers and 260,000 in New York were
11 affected. This is not a minor problem. For many people it was
12 more than an inconvenience. Their livelihoods were at stake.
13 People use their Road Runner e-mail to conduct business from
14 their homes. They lost customers, clients and revenue. That's
15 the reason that I am as opposed to this. It -- we need more
16 competition, not less. Thank you.

17 JUDGE PRESTEMON: Thank you, Ms. McCorry. Melissa Baker up
18 now; will be followed by Jordan Isenstadt.

19 MS. MELISSA BAKER: Good evening. Members of the Public
20 Service Commission, on behalf of the National Black Leadership
21 Commission on AIDS, Incorporated, I thank you for holding this
22 hearing this evening. My name is Melissa Baker, and today I
23 represent C. Virginia Fields, President and CEO of the National
24 Black Leadership Commission on Aids, Incorporated. Our
25 relationship with Manhattan Neighborhood Network is a key

1 component to the education and mobilization efforts that drive
2 our organization. The National Black Leadership Commission on
3 Aids, Incorporated is on the front lines of public health crisis
4 in high-risk communities, working to improve access to quality
5 health care, promote public health and disease prevention and
6 influence public health policy. Thanks to Manhattan
7 Neighborhood Network's equipment, facilities and support, we are
8 able to produce Health Action Television where we discuss key
9 issues in HIV and AIDS and other health disparities in
10 communities of African descent. The program has afforded us the
11 opportunity to expand our reach as well as educate the broader
12 community about work being done by various guests.

13 Manhattan Neighborhood Network is a key partner for the
14 National Black Leadership Commission on AIDS. As you consider
15 the implications of a merger between Comcast and Time Warner, I
16 encourage you to take this opportunity to strengthen public
17 access. The proposed 45 billion dollar merger of Comcast and
18 Time Warner Cable will lead to a company that provides cable to
19 almost thirty-three percent of households and high-speed
20 internet services to almost forty percent. High quality,
21 accessible and visible local programming is vital to New York
22 City, and our partnership with Manhattan Neighborhood Network is
23 living proof of what happens when two vital community
24 organizations combine resources to educate, mobilize and empower
25 our citizens. Thank you very much.

1 JUDGE PRESTEMON: Thank you, Ms. Baker. Mr. Isenstadt also
2 had to leave. He's left a written copy of his comments. Those
3 two will be posted on the Commission's website in the docket for
4 this case. And that leaves us with only one. And this one I
5 won't be able to pronounce, Andres Jansons. You will have to
6 spell this one.

7 MR. ANDRES JANSONS: Yes. My name is Andres Jansons,
8 J-A-N-S-O-N-S. I operate a travel agency, and for a number of
9 years we had reasonably good phone service with -- with copper
10 wires that worked when there were power outages. As a result of
11 several mergers and combinations Verizon was created. Verizon
12 forced us to use the fiberoptic and took away the copper wire
13 service. As a result Sandy came along. We had no power. We
14 had no phone service, and we were totally -- totally left in the
15 cold for ten days. Didn't have access to our customers. We
16 lost business. Didn't have access to internet. No news
17 whatsoever. Control of communications by corporations makes it
18 easier for the government to step in and take control,
19 especially if there's only one or two companies as opposed to
20 having fifty companies. Controlling communications is a first
21 step in the direction of a totalitarian government as we saw in
22 history regarding Nazi Germany, Soviet Russia, Mr. Gaddafi,
23 Saddam Hussein and so forth. Is this what we want here?
24 History has shown that mergers, whether they be airlines, auto
25 manufacturers, radio and TV, cut down competition and cut down

1 our choices of access to news and what's going on in the world.
2 History has shown us that the loss of competition and these
3 mergers result in higher prices inevitably. There hasn't been
4 one instance where I know of where a merger has lowered prices
5 for the consumer. If I'm wrong, I'd like to be corrected. So
6 this -- is this what we want here, and I urge the Commission to
7 not allow this merger to take place because it's just gonna hurt
8 the consumer. Thank you.

9 JUDGE PRESTEMON: Thank you, Mr. Jansons. Alright, I'm
10 going to --

11 MS. MAUDE LEDERMAN: I didn't submit a card, but may I say
12 something? Lederman, L-E-D-E-R-M-A-N, Maude, M-A-U-D-E. I just
13 would like to let everybody know that what all of these
14 companies are using is our commons, our airlines, our
15 rights-of-way, et cetera, ours and I -- I am against this
16 merger. We need competition, period, and -- and the man is
17 absolutely right about communications being so important. Even
18 like in San Francisco they killed the internet when they
19 suspected that there might be something. Shouldn't be, period.
20 Thank you.

21 JUDGE PRESTEMON: Thank you. Alright, I'm going to ask one
22 more time if Michael Reichenberg is here? Or Keith White? If
23 not, then I thank you all very much.

24 MS. CATHERINE BARNES: Can I ask a question? Catherine
25 Barnes, I was here earlier, B-A-R-N-E-S.

1 First of all, I'm not a little old lady who watches Netflix
2 late at night. I'm trying to be an instructor and make more
3 money, and the only thing I use my internet -- my Time Warner
4 for is internet. I also pay for my landline for, you know,
5 through Verizon, and I use CREDO for long distance. So I'm
6 paying more than just \$57 a month out of my 1,100. That's one
7 thing. Another thing is this, we heard from so many social
8 organizations tonight saying how great Comcast was because of
9 this one program they had. Yes, that is good, but what are they
10 getting for it? They are getting tax breaks. They are getting
11 tax breaks. That was never mentioned by anybody. So they are
12 not being that magnanimous about it all. So that is not the
13 thing that should make any decision of yours. Your decision is
14 what's good for the common good, and that means all of us, all
15 of us. And losing internet openness, whatever it's called, plus
16 the ability --

17 AUDIENCE SPEAKER: Neutrality.

18 MS. CATHERINE BARNES: Yeah, internet neutrality, plus the
19 ability to have various things rather than one controller, we
20 are really, really, really headed down a bad path on this -- in
21 this country. You can't see it so much, but I've been around
22 enough to see differences, and we are on our way to
23 totalitarianism, period. That's it. And open your eyes. It's
24 very visible. It's very visible.

25 JUDGE PRESTEMON: Thank you.

1 AUDIENCE SPEAKER: Where do we go? Where will we go if
2 they are there and then there is a problem? Where do I go, to
3 Comcast or to Time Warner? I will go to Comcast. Where do we
4 go? We will have nothing. There will be nothing.

5 AUDIENCE SPEAKER: There's no choice. There are five
6 different companies here. Give them a chance too.

7 JUDGE PRESTEMON: Okay. Well, again, I --

8 AUDIENCE SPEAKER: Oh, another thing, I heard about this
9 just as I was on my way out the door today. You should
10 publicize your hearing. I didn't hear about it until just
11 before the hearing. Thank you very much. Thank you for
12 everything.

13 JUDGE PRESTEMON: Thank you.

14 AUDIENCE SPEAKER: I will say goodnight and shut my mouth.

15 JUDGE PRESTEMON: Alright, there will be no further
16 speakers. I thank you all very much for coming out tonight, and
17 this hearing is closed.

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22 (Whereupon, the public hearing was concluded at 9:43 p.m.)

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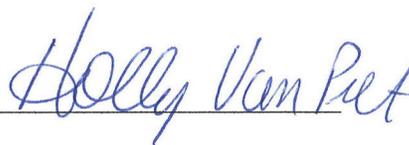
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C E R T I F I C A T E

I, Holly Van Pelt, a reporter and Notary Public within and for the State of New York, do hereby certify:

That the witness(es) whose testimony is hereinbefore set forth was duly sworn by me, and the foregoing transcript is a true record of the testimony given by such witness(es).

I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.



HOLLY VAN PELT

