

KEY EXCERPTS FROM FCC FILINGS RE: COMCAST-TWC

Re: Comments of the Office of the Mayor of the City of Los Angeles, *In the Matter of Applications of Comcast Corp. and Time Warner Cable Inc. for Consent to Transfer Control of Licenses and Authorizations*, MB Docket No. 14-57

EXCERPTS:

A. AVAILABILITY OF SERVICES

Comcast appears to recognize the importance of extending its “Internet Essentials” program as a means of ensuring that some of the public benefits promised emerge (and in our view, the program is critically important). Unfortunately, that program has not worked well, as the July 11, 2014 filing in this proceeding by the California Emerging Technology Fund indicates. There are simply too many hoops in the application process and conditions on the service, a fact Comcast appeared to acknowledge when it announced a temporary amnesty that would allow customers who had bad payment records in the past to take advantage of the program. The potential significance of such a program in Los Angeles is undeniable. It is estimated that as many as 30% of all Angelenos do not have Internet access⁶. But to be effective, the program needs improvements, which could include the following.

- a) The program ought to be available to anyone, without regard to income level and without a requirement for a significant deposit, or payment by means that might not be a practical option for a lower income person. It must be well-publicized and not hidden. Charges that would tend to make the program ineffective would include:
 - i) Significant upfront charges for installation.
 - ii) Significant deposits tied to income or creditworthiness.
 - iii) Data caps that almost guarantee that ordinary usage will result in significant and unexpected overcharges.

While we understand that the Company would want to limit eligibility for the service to those who are not current subscribers to Comcast services, or who are low income, if the Company offers other alternative services at reasonable prices, there should be little concern that customers will shift to a lower speed option. There are obvious advantages to the residents of the City in Comcast making the service available to anyone as a regular part of the company’s offerings. Specifically and not exclusively, workforce education and development are key to the City’s growth and future. Ready access to high speed internet connectivity is increasingly precedent to success in the modern economy. Prohibition, directly or indirectly, of access to same is tantamount to exclusion from economic benefit.

If an income test is maintained, the test should not be tied to eligibility for the school lunch program, particularly given the growing importance of Internet access to anyone ⁶ source: www.cetfund.org.
applying for jobs or government assistance. It should be sufficient if a person seeking to

take advantage of the program is enrolled in any public assistance program, including the federal Supplemental Nutritional Assistance Program or similar state programs. Where there is an easy way for the company to verify eligibility, it should do so. We ask that the FCC provide “best practices” to effect the above.

b) To ensure that there is an immediate improvement in the reach of the Internet Essentials program, Comcast should be required to expand the number of public locations to which it provides free Internet services. Comcast should provide a high-speed connection (equivalent to their highest commercial offering) to libraries, schools and community centers, including computing centers established in Los Angeles and elsewhere under the Broadband Technologies Opportunities Program (BTOP) program, as well as ongoing support and upgrading to the latest standards at no cost to the foregoing. This would provide a meaningful community-based supplement to e-rate Internet availability.

c) The Internet Essentials program ought to include a Wi-Fi component, both to address problems associated with MDU access, and because lower income users may rely primarily on mobile devices to access the Internet, or may not have access to laptop or desktop computers. This need is suggested by Comcast itself in the public materials on the Internet Essentials program where it is stated that 1.4 million individuals use the program as of year three, yet only 30,000 subsidized computers were provided. At a minimum we would like to see Comcast make its Wi-Fi hotspots located along the streets, public areas, and elsewhere available to users of the Internet Essentials program.

d) The Internet Essentials upstream and downstream speeds should increase at no extra charge over time, just as Internet speeds offered by Comcast for other Internet service levels increase at no extra charge, and should not be subject to terms or conditions that make service of limited utility or expose the user to unexpected charges. As a starting point, a 5x1 speed may be adequate, although the price should be closer to \$5 than \$10.

e) Comcast should expand the awareness of and the capabilities of the Internet Essentials program to be a more substantial Internet offering for children, students, parents, and educators. For example, Comcast should work with community institutions, including the City government, schools, and libraries, to encourage enrollment in Internet Essentials. It should deploy and help develop filtering tools and educational resources that make it practical for parents, educators, and community institutions to ensure a safe online experience and to limit Internet use in appropriate circumstances. These filtering tools should be offered to parents and children to help ensure a safe online browsing experience. The reach of the program could be expanded if Comcast were to commit to work with schools and other public institutions to develop digital education resources (such as those materials available through initiatives like Digital Citizenship⁷) and filtering tools that could be easily implemented for devices distributed to students by, or made available to them at, public institutions. Incorporating a filtering tool option as part of the ordering process may also make the program more attractive to parents who wish to have Internet access for educational purposes, but may have concerns about unfiltered access to the Internet. Comcast should commit to providing these filtering tools and educational resources to educators, parents, and students in perpetuity.

2. If one of the benefits of the merger is expansion of Wi-Fi availability, the Commission should establish a timeline to achieve full deployment throughout franchise territories, and require reporting to individual jurisdictions. The Wi-Fi deployment should be designed so that

users in all areas can expect to receive similar levels of service – that is, deployment standards should be uniform. Also to ensure that the purported benefits of the merger are realized, the Commission may also wish to set target dates for wireline system expansion to true high speed capabilities.

PETITION TO DENY OF LOS ANGELES COUNTY, CALIFORNIA; MONTGOMERY COUNTY, MARYLAND; THE CITY OF PORTLAND, OREGON; ET AL

B. The Commission’s Conditions Have Failed To Expand Broadband Deployment and Adoption

The Commission also imposed conditions to make key communications services available to a significant portion of the population that either lacked service or had low broadband penetration rates. Unfortunately, these conditions also have not achieved their promise. The Commission’s conditions sought to expand the footprint of Comcast’s existing broadband network, to upgrade rural Internet service, to provide courtesy video and broadband accounts to additional schools, libraries, and other community institutions, and to offer a reduced rate broadband service to low income homes. These conditions became known as the “Internet Essentials” program.

A California Emerging Technology Fund (“CETF”) study, filed with the Commission in these proceedings, indicates that Comcast’s Internet Essentials has displayed a very low take rate in California.⁷² CETF found a variety of problems with Comcast’s eligibility and application procedures. We will not repeat those here, but the complaints are consistent with the complaints Petitioners have received. Eligible families desiring to sign up for the program face numerous barriers, including long delays in sign-up.⁷³ Comcast market-rate customer representatives often do not know about Internet Essentials, and fail to guide interested customers to the service.⁷⁴ Surveys performed by TWC indicate that the absence of marketing and clear information can be particularly discouraging for communities that are slow adopters.⁷⁵ Further, because Comcast’s only makes the service available to new customers, sign-up can be delayed for months while Comcast decides whether a customer is eligible for service.

⁷²Letter to Commissioners from California Emerging Technology Fund, July 11, 2014, MB Docket No. 14-57 (“CETF Filing July 11, 2014”), at 20.

⁷³CETF, *Summary of Challenges To Signing Up Eligible Families for Comcast Internet Essentials*, included in CETF Filing July 11, 2014, at 1.

Comcast only offers a wired modem to Internet Essentials customers, which restricts the number of users to one at a time, and obviously limits the utility of the service to families.⁷⁷ In addition, CETF reports that the modems Comcast *does* provide are often not compatible with computing devices issued by schools—many schools now allow students to bring home school issued tablets, which require a wireless modem to connect to the internet.

These concerns are not limited to California. Reports indicate consumers have been denied access to the service because it is only available to new Comcast customers. Others have been rejected due to old unpaid bills—in one case, as little as \$53 from over a decade ago.⁸⁰ In Philadelphia, where the program got its start, computers donated by Comcast stopped working

within months, or were frustratingly slow to use.⁸¹ Extending this program as-is to TWC systems, or to the Charter systems is not likely to lead to better results. And absent an effective program, it is not clear that the benefits touted for the transactions will be achieved, or potential harms from concentration mitigated.

Re: Errata to Comments of the California Public Utilities Commission – MB Docket No. 14-57

Finally, the CPUC recommends that the FCC closely review Comcast's implementation and administration of its "Internet Essentials" program to determine if the program has met Comcast's commitments. The Internet Essentials program is a lowcost broadband plan offered to low-income families with school-age children. In the merger application, Comcast commits to extending the program throughout the territories it is acquiring.

The California Emerging Technology Fund and other California entities collaborating to close the Digital Divide in California have submitted comments to the FCC alleging problems with Comcast's administration of this program, including the following allegations:

- Comcast makes the sign-up process long and cumbersome.
- Comcast enrolls the oldest child in the program, even if there are younger eligible children in the household. This means the family will be "kicked out" of the program sooner because the discount only lasts as long as the registered child is in school and on the federal lunch program.
- Comcast market-rate customer representatives do not know about the Internet Essentials program and therefore do not provide notice to customers of its availability.
- Comcast conducts credit checks for some customers, contrary to the program's rules and Comcast's advertisements that no credit check is needed for Internet Essentials.
- Comcast records show erroneous information for some customers, resulting in a denial of service.
- Comcast modems often are not compatible with computing devices issued by schools.
- Comcast Internet Essentials online application process does not work.¹⁷

The CPUC does not comment here on the merits of nor do we endorse the allegations set forth in the CETF letter. Nonetheless, we urge the FCC to consider these allegations and

Comcast's implementation of the Internet Essentials program as part of its review of the public benefit of the transaction.

17 See, Letter from California Emerging Technology Fund, et al., to FCC Commissioners, Comcast-Time Warner Cable MB Docket No. 14-57 (July 11, 2014), Attachment entitled Summary of Challenges to Signing Up Eligible Families for Comcast Internet Essentials.