

Yamamoto Caliboso
A LIMITED LIABILITY LAW COMPANY

CABLE DIVISION
COMMERCE AND
CONSUMER AFFAIRS

June 20, 2014

2014 JUN 20 P 12: 46

Via Hand Delivery

Ms. Keali'i S. Lopez, Director
State of Hawaii
Department of Commerce and Consumer Affairs
333 Merchant Street
Honolulu, Hawaii 96813

A ___ E ___ P ___ S ___

FILE _____

Re: Time Warner Cable/Comcast Corporation Transaction

Dear Ms. Lopez:

The enclosed additional information supplements information previously provided by Comcast Corporation and Time Warner Cable Inc. (collectively, the "Applicants") concerning the above-referenced transaction.¹ In an attempt to be as responsive as possible to DCCA's concerns and verbal requests for additional information, the Applicants are hereby providing the DCCA with the enclosed Supplemental Information to the Applicants' Application Form and to the Applicants' Responses to Information Requests (the "Applicants' Supplemental Information"), which supplements and further elaborates on information previously provided in the Joint Application, the Applicants' Application Form, and the Applicants' Responses to Information Requests.

If you have any questions or would like any additional information, please let us know and we will promptly respond. We look forward to continuing to work with you. Thank you again for your attention to this matter.

Very truly yours,



Carlito P. Caliboso
for

YAMAMOTO CALIBOSO
A Limited Liability Law Company

Enclosure

¹ On April 11, 2014, Comcast and TWC filed their joint application with the Director of the Department of Commerce and Consumer Affairs ("DCCA") requesting consent for the indirect transfer of control of cable television franchisee Oceanic Time Warner Cable LLC ("OTWC") (the "Joint Application"). The Joint Application included the Federal Communications Commission's ("FCC") Form 394 setting forth the relevant qualifications of Comcast to acquire indirect control of OTWC. On May 23, 2014, the Applicants provided the DCCA with information requested by DCCA's form of "Application For Transfer Of Cable Television Franchise" ("DCCA Transfer Application") (the Applicants' completed DCCA Transfer Application is hereinafter referred to as the "Applicants' Application Form"), and responses to the DCCA's "Notice of Incompleteness and Transmittal of Information Requests" dated May 8, 2014 ("Information Requests") (the Applicants' responses to the Information Requests are hereinafter referred to as the "Applicants' Responses to Information Requests").

**Time Warner Cable/Comcast Corporation Transaction
Application For Transfer Of Control Of
Oceanic Time Warner Cable LLC**

2014 JUN 20 P 12: 47

**Supplemental Information to Parties' Application Form and to
Parties' Responses to Information Requests**

June 20, 2014

A _____ E _____ P _____ S _____
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The following additional information supplements information previously provided by Comcast Corporation ("Comcast") and Time Warner Cable Inc. ("TWC") (collectively, the "Applicants") concerning the above-referenced transaction ("Transaction").¹ In an attempt to be as responsive as possible to DCCA's concerns and verbal requests for additional information, the Applicants hereby provide the DCCA with the following Supplemental Information to the Applicants' Application Form and to the Applicants' Responses to Information Requests (the "Applicants' Supplemental Information"), which supplements and further elaborates on information previously provided in the Joint Application, the Parties' Application Form, and the Parties' Responses to Information Requests.²

The Applicants' Supplemental Information provides further discussion on the following topics of concern:

- 1. **Public, Educational, and Government ("PEG")**
- 2. **I-Net**
- 3. **Unserved and Underserved Areas - Cable TV and Broadband Internet**
- 4. **Internet Essentials**

Applicants hereby provide the following additional information concerning these topics for the DCCA's review and consideration.

1. Public, Educational, and Government

As previously stated by the Applicants, the change of control of the franchisee will not affect the obligations of the franchisee under the franchise agreements. After the Transaction,

¹ On April 11, 2014, Comcast and TWC filed their joint application with the Director of the Department of Commerce and Consumer Affairs ("DCCA") requesting consent for the indirect transfer of control of cable television franchisee Oceanic Time Warner Cable LLC ("OTWC") (the "Joint Application"). The Joint Application included the Federal Communications Commission's ("FCC") Form 394 setting forth the relevant qualifications of Comcast to acquire indirect control of OTWC. On May 23, 2014, the Parties provided the DCCA with information requested by DCCA's form of "Application For Transfer Of Cable Television Franchise" ("DCCA Transfer Application") (the Applicants' completed DCCA Transfer Application is hereinafter referred to as the "Applicants' Application Form"), and responses to the DCCA's "Notice of Incompleteness and Transmittal of Information Requests" dated May 8, 2014 ("Information Requests") (the Applicants' responses to the Information Requests are hereinafter referred to as the "Applicants' Responses to Information Requests").

² By providing any such additional information, the Applicants do not waive any arguments regarding either the relevance of such information or the DCCA's authority to request such information, as discussed in greater detail in Comcast's prior submissions.

the franchisee will continue PEG access programming support in accordance with the franchise agreements and any other relevant and binding written agreements approved by the DCCA in the same manner and to the same extent as before the Transaction.³

The Applicants understand that the DCCA and TWC expect to conclude negotiations on the renewal of the two Big Island of Hawaii franchises (East Hawaii and West Hawaii) in the near future. The Applicants also understand that the renewal of the two Maui franchises (Maui (excluding Lahaina) and Lahaina) are also being processed for renewal, but will likely be completed at a later date. Should any or all of these renewal applications and negotiations be completed prior to the closing of the Transaction, Comcast confirms that it will ensure that the franchisee will comply with the renewed franchise agreements.

If any or all of these renewal applications are not completed prior to the closing of the transaction, Comcast confirms that it will in good faith continue the negotiations with the DCCA to ensure that each of the franchises is appropriately renewed by the franchisee.

Although Comcast is not in a position to provide specific commitments or to independently negotiate renewal terms at this time, Comcast is able to provide the following information concerning Comcast's intentions, capabilities and track record related to PEG access television.

Comcast has a long history of working with and supporting communities on traditional, linear PEG programming. Comcast provides channel capacity and capital support to access organizations and schools throughout the country, including major cities such as Denver, CO, St. Paul, MN, and San Jose, CA, among others. Moreover, Comcast works to involve its access partners in modern technologies. For example, the City of Aurora in Colorado was very interested in promoting its on-line government access. For some programming, such as City Council meetings, Comcast believes that is the best solution, as viewer access is not limited to Comcast subscribers. Accordingly, Comcast gave Aurora a technical grant and, at no charge, a business class Internet connection, to help with that effort. Comcast has offered similar arrangements to other Colorado communities.

Another great example is Project OpenVoice. Three years ago, Comcast launched Project OpenVoice in support of its federal commitment to promote local programming. Under Project OpenVoice, Comcast developed portals for local media online and On Demand in six communities—Philadelphia, PA; Hialeah, FL; Houston, TX; Peterborough, NH; Fresno, CA; and Medford, MA. These communities were chosen in part because they represented a cross-section of American culture and diversity.

Comcast's West Division⁴ is home to two OpenVoice communities—Houston and Fresno. We've worked with both cities to bring our video expertise and high quality production values to on-line access programming.

³ See, Applicants' Application Form, IV.E.10, and Applicants' Responses to Information Requests, No. 5.

⁴ Comcast's West Division consists of Minnesota, Wisconsin, Kansas, Missouri, Colorado, Utah, Arizona, New Mexico, Oregon, Washington, California, and Texas.

The Fresno site, "Gotta Love Fresno," contains useful and important information for anyone who works, lives or plays in the City of Fresno, presented in a high quality, visually appealing format. It is a very effective portal for local events, and can promote those events at the neighborhood level. The Fresno site has a broader reach than a public access channel, as it is available to anyone with an Internet connection (not just Comcast subscribers), and has been very popular in Fresno. We encourage DCCA staff to view the results of our partnership with Fresno at www.gottalovefresno.com.

Comcast is interested in working with state and local officials who want to learn about our Project OpenVoice experience and how Comcast might assist with making high quality, on-line community programming available in their communities as well.

Note that the arrangements described above are highly dependent on plant engineering and technology—and Comcast will not know what is possible in Hawaii until it actually assumes ownership and control of the system. However, our examples of Fresno and Aurora show that Comcast has a good track record of providing innovative support to the PEG community.

2. I-Net

As previously stated by the Applicants, the change of control of the franchisee will not affect the obligations of the franchisee under the franchise agreements. After the Transaction, the franchisee will remain obligated to continue I-Net support pursuant to the franchise agreements in the same manner and to the same extent as before the Transaction.⁵ As discussed above, if any or all of the outstanding franchise renewal applications are not completed prior to the closing of the transaction, Comcast confirms that it will in good faith continue the negotiations with the DCCA to ensure that each of the franchises are appropriately renewed by the franchisee.

To the extent there are any existing I-Net support and obligations that are not specifically described in the respective franchise agreements, Comcast confirms that once the Transaction is closed it will also in good faith discuss and work with the DCCA and interested government agencies to appropriately describe and define existing I-Net support and obligations to come to a mutual understanding of the level of support and obligations that are being provided at that time and that will be continued by the franchisee under the respective franchise agreements once the franchisee is indirectly owned by Comcast.

Although Comcast is not in a position to provide specific commitments or to independently negotiate renewal terms at this time, Comcast is able to provide the following information concerning Comcast's intentions, capabilities and track record related to I-Net support and obligations.

In Comcast's West Division, Comcast has over 50 I-Nets that are integrated into Comcast's cable systems. These come in many different configurations, depending on the original agreements that were negotiated. A few are dark fiber, many are managed services, and

⁵ See, Applicants' Application Form, IV.E.8.

some are a hybrid of the two. In all cases, Comcast adheres to the terms of the franchise agreements governing I-Nets.

For I-Nets that are outmoded and no longer serve community needs, we encourage government agencies and their IT administrators to work with our Comcast Business organization for a managed network services arrangement. Comcast Business supplies competitive managed network services to schools, businesses and government agencies at speeds of 1 Gbps to 10 Gbps. We've recently completed agreements to provide managed services to the cities of Atlanta, GA and Denver, CO, the State of Minnesota, and Ramsey County, Minnesota. Several other arrangements are in the works, and will be announced in the coming weeks.

Comcast looks forward to working with the DCCA and the State of Hawaii to determine which technologies will best serve the State and its constituents.

3. Unserved and Underserved Areas - Cable TV and Broadband Internet

As previously stated by the Applicants, the change of control of the franchisee will not affect the obligations of the franchisee under the franchise agreements. After the Transaction, the franchisee will comply with line extension obligations contained in the franchise agreements.⁶ As discussed above, if any or all of the outstanding franchise renewal applications are not completed prior to the closing of the transaction, Comcast confirms that it will in good faith continue the negotiations with the DCCA to ensure that each of the franchises are appropriately renewed by the franchisee.

In some cases, Comcast has worked out line extension arrangements with local communities to provide construction into underserved areas that do not meet agreed-upon density thresholds on a case-by-case basis using creative solutions where, for example, local residents or local governments contribute to offset extraordinary construction costs. Comcast confirms that it will work with the DCCA on areas that may warrant creative line extension solutions on a case-by-case basis, as needed and as appropriate.

We also confirm that typically, broadband Internet will be deployed and made available where cable television is deployed and made available.

4. Internet Essentials

While Comcast is not in a position to provide specific commitments or to independently negotiate any franchise renewal terms at this time, Comcast is able to provide the following information concerning Comcast's intentions, capabilities and track record related to its intent to extend its Internet Essentials program to Hawaii. As Applicants previously stated, Comcast will

⁶ See, Applicants' Application Form, IV.E.4., and Applicants' Responses to Information Requests, No. 3.

expand its acclaimed Internet Essentials program, which has already connected over 1.2 million low-income Americans to the Internet, more than any other program of its kind.⁷

The Comcast Internet Essentials Program is one of Comcast's most significant commitments. This program – the largest and most expansive broadband adoption program that a US ISP has ever undertaken – launched in fall 2011, and today, the program is offered in more than 30,000 schools in 4,000 districts, spanning 39 states and the District of Columbia. It is making a tremendous impact on broadband adoption among low-income families.

Though 99 percent of the homes Comcast passes are wired for broadband, national studies show that households with incomes lower than \$30,000 a year only subscribe to broadband about 35 percent to 45 percent of the time. Research indicates that several factors limit adoption, including the cost of broadband service, the cost of equipment, and a lack of digital literacy. Internet Essentials addresses each of these factors.

In the past two and a half years, more than 1.2 million low-income Americans, or about 300,000 families, have signed up for the program.

Upon the final closing of this Transaction, depending on the timing of obtaining all approvals, outreach efforts and back office implementation, Comcast believes that it could extend the Internet Essentials program as early as the 2015-2016 school year in Hawaii.

⁷ See, Applicants' Responses to Information Requests, No. 2.