

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON D.C. 20554**

In the Matter of:)
)
Application of Comcast Corporation and) MB Docket No. 14-57
Time Warner Cable Inc. for Consent to)
Assign for Transfer of Control)
of Licenses and Applications)
_____)

**REPLY COMMENTS OF THE
MICHIGAN PUBLIC SERVICE COMMISSION**

On April 8, 2014, Comcast Corp. (“Comcast”) and Time Warner Cable Inc. (“Time Warner Cable”) filed applications seeking Federal Communications Commission (“FCC” or “the Commission”) approval to transfer control of the licenses and authorizations held by Time Warner Cable, and its wholly-owned and controlled subsidiaries, to Comcast. On July 10, 2014, the FCC issued a Public Notice seeking comment on the applications of Comcast, Time Warner Cable, Charter Communications, Inc. (Charter Communications), and SpinCo to assign and transfer control of FCC licenses and other authorizations. The FCC requested comments from interested persons to assist the Commission in its independent review of all proposed transfers of licenses and other authorizations referred to in the Public Notice. Interested persons were instructed to file comments or petitions to deny the applications no later than August 25, 2014. Responses to comments or oppositions to petitions are to be filed no later than September 23, 2014. In

accordance to this schedule, the Michigan Public Service Commission (MPSC) provides its reply comments in this case.

DISCUSSION

In today's environment, the lines between video/cable and telecommunications services are blurred as video/cable providers are now also providing voice services and broadband. The MPSC does not have statutory authority over mergers and acquisitions of video/cable and telecommunications providers, and lacks authority over customer service standards, certain rates, and quality of service in the video/cable area. Therefore, the MPSC believes that it is important to raise the following concerns with the FCC as it deliberates the proposed merger of Comcast and Time Warner Cable.

Customer Service

Michigan currently does not have service quality rules for telecommunications and video/cable services. Deregulation laws passed in Michigan within the last few years have removed some of the MPSC's authority over telecommunications service quality matters, and the Michigan video franchise law does not provide for oversight in this area. Given the regulatory limitations at the state level, the MPSC believes that it is necessary to impress upon the FCC its concerns as it relates to this potential merger.

Last year, there were a total of 2,338,067 video/cable customers in Michigan (excluding satellite customers).¹ According to the 2012 Michigan Status of Video/Cable Competition Report, Comcast and Charter Communications were two of the three top providers in terms of the number of customers in Michigan.² If the FCC were to approve this merger, it could have a significant impact on the video/cable/telecommunication landscape in Michigan, since the vast majority of Comcast's customers will likely end up as Charter Communications customers or as a spinoff company operated by Charter Communications.

Rates

Since video/cable rates are not regulated, the MPSC is concerned of the potential for rate increases for customers as a result of the proposed merger. Our concerns are not just limited to the monthly rate for these video/cable services, but with other rates such as equipment rental, trip charges, additional services, etc. that may also increase. Though initial representations by the companies involved in the merger are that there will not be initial rate increases, the MPSC is concerned about the potential implications 2-3 years after the merger has been finalized and the potential rate impact at that time. An increase in rates would obviously have a negative impact on the low-income and elderly populations, especially those who are also dependent upon these video/cable companies for voice telecommunications and broadband services. This situation could potentially be

¹ Page 13,
http://www.michigan.gov/documents/mpsc/status_competition_video_446269_7.pdf

² Page 13,
http://www.michigan.gov/documents/mpsc/video_franchise_report_2012_410151_7.pdf

exacerbated by the incumbent carriers' desire to not be the carrier of last resort and exit a market especially in the voice and broadband services. If the FCC were to approve the merger, the MPSC suggests that the FCC consider imposing rate cap language as a condition on the merger's approval to protect customers from unexpected rate increases.

Another related concern is the rebranding costs for equipment and equipment changes. Many customers in Michigan currently have Comcast-branded equipment. If the merger is allowed, the new company may require customers to return equipment for new branded equipment which may not necessarily be an upgrade, this could result in an unexpected expense to the customer as well as an unnecessary disruption to the customer's service. The low-income and elderly populations would again be burdened with such actions. These issues should be considered by the FCC.

Quality of Service

Of the video/cable complaints that were filed with the MPSC in 2013, seventy (70) percent of those complaints involved Comcast and Charter Communications, 57% and 13% respectively.³ At a minimum, customers expect the same quality of service, including service offerings and customer service after the merger. Similarly, customers expect that the type of service offerings already being provided will be maintained and/or improved. The MPSC requests that the FCC ensure that the quality of service for customers will not be degraded if the merger is approved.

³ Page 7, http://www.michigan.gov/documents/mpsc/status_competition_video_446269_7.pdf

Franchise Agreements

Overall in Michigan, there are approximately 1,969 franchise agreements between municipalities and providers for video/cable service.⁴ Time Warner Cable, Comcast, and Charter Communications possess a substantial number of these franchise agreements. If the merger is approved, the MPSC requests that the FCC impose conditions and direct the providers to adhere to their existing franchise agreement requirements in the affected states and require the providers to work with their respective municipalities and customers during the merger transition. Many communities in Michigan could be impacted by this merger, and it is important that the communities involved are educated and updated by the providers on the changes.

Competition

Comcast has a large customer base in Michigan. If the merger is approved, and if Comcast's customers are transitioned to Charter Communications or another entity under Charter Communications' control,⁵ it could potentially create a company with a very large footprint in Michigan which could have an adverse effect on competition, in particular with satellite and Internet Protocol (IP) video providers. This new provider could potentially undercut competition by offering services and rates at a level that competitors will not be able to match, and may cause those competitors to lose customers. The MPSC requests that the FCC

⁴ Page 15,

http://www.michigan.gov/documents/mpsc/status_competition_video_446269_7.pdf

⁵ Midwest Cable Phone of Michigan LLC license application with the MPSC,

<http://efile.mpsc.state.mi.us/efile/viewcase.php?casenum=17654>

consider imposing conditions on the merger to ensure that there are no adverse effects on video/cable competition as a result of this merger.

CONCLUSION

The MPSC appreciates the opportunity to express its concerns regarding the proposed merger between Comcast and Time Warner Cable. As the FCC is aware, it is important to not only look at the current proposed merger, but also be cognizant of the potential impacts that the merger may have on service, communities, and customers immediately after and in the years to come. Similarly to Michigan, many states have had certain aspects of their regulatory authority reduced or eliminated in both the video/cable and telecommunications areas. Accordingly, it is important that the FCC consider the impact of the proposed merger between Comcast and Time Warner Cable on customers across the board who reside in states that do have statutory authority as well as in those states that do not have statutory authority when deciding any approvals or conditions for this proposed merger.

Respectfully submitted,

**MICHIGAN PUBLIC SERVICE
COMMISSION**



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