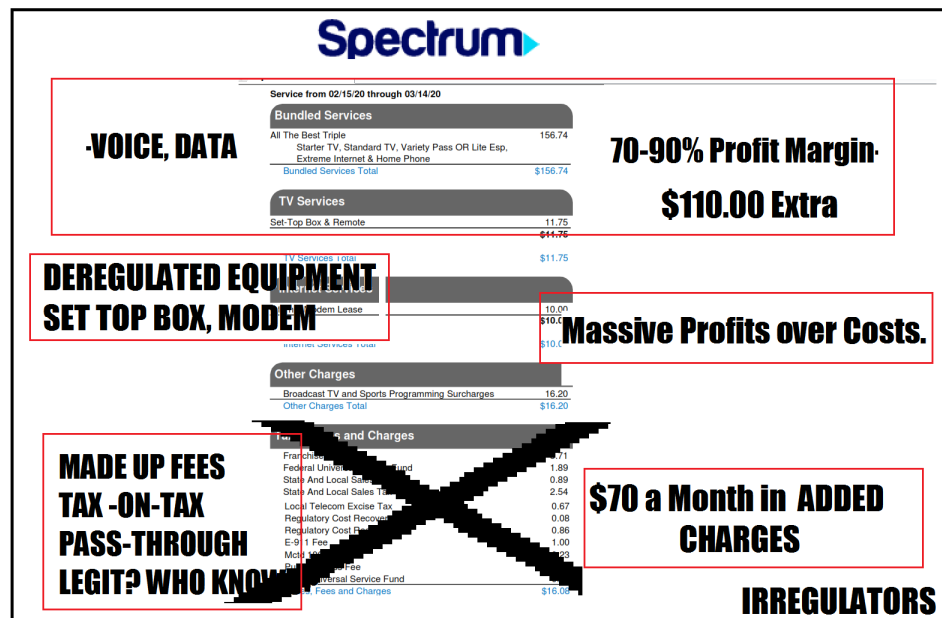


Please Sir! May I have Another? Unjust & Unreasonable Rates?

The IRREGULATORS Call for Audits and Investigations of the Cable, Broadband, Internet, Phone & Wireless Service Prices, the Underlying Revenues, Expenses, Profits, as Well as the Controlling Factors-- the Cross-Subsidies and Regulatory Capture.



Charts:

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Chart 2: 70-98% Profit Margins on the Voice and Data Services

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Chart 5: Spectrum Basic Triple Play Package, About 350% More than Overseas.

Chart 6: Overseas vs US Prices -- Fake, Junk Fees, Pass Through Taxes, Etc.

IRREGULATORS

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March 20th, 2024

Summary:

- The Digital Divide has become a new financial profit center for the cable companies. The Comcast Annual and quarterly reports show that starting in 2022, the company has a “Rural Subsidy Initiative” paying almost \$½ billion dollars a quarter, increasing the monopoly’s network, and bringing in new customers via various government state and federal subsidies, such as ACP, with the help of non-profits.
- Profit margins of over 90% for the Voice and Data subsidiaries appear in the Comcast NY cable franchise Annual Report. of 2010 and 2011, as well as the Time Warner and Comcast Annual Reports of 2011.
- The financial information and the deployment information of the cable companies has been redacted in NY State since 2011 in a “phantom proceeding” at the NY state public service commission.
- Overseas prices for the triple play or wireless show America’s prices are out of control -- unjust and unreasonable.
- The overseas prices are a fraction of America’s prices because:
 - a) Overseas.there are no ‘gimmicks’; no made-up fees, tax on tax, etc.
 - b) The other subsidiaries, voice, data, internet, and broadband, appear to have obscene profit margins so the ‘voice and data’ services are not paying for their share of rights of way fees or use of the cable wired networks.

Short History

After the pandemic awoke the fact that America had a digital divide-- where whole areas of America had not been properly upgraded to broadband, especially fiber optic broadband, it also become clear that many households could not afford the basic services when available in their area.

But, at the core, America has ‘Institutional Amnesia’, and there was no discussion of how this situation occurred, or even know the history -- that the state has telecommunications public utilities that were supposed to modernize and remove the existing copper wires for fiber optics in most states, or that state laws were changed to charge customers extra, or that the wired utility construction budgets were moved to wireless.

Every state has presented the first round of a 5-year broadband plan and no state has even mentioned there were prior commitments or the companies involved.

The cable companies were able to just keep raising rates and making up fees and put their wires where they wanted as there was supposed to be competition from the utilities -- specifically from now AT&T, Verizon and CenturyLink (now Lumen Technologies).

And in 2024, Comcast and the other cable companies are reselling Verizon Wireless, instead of competing, and not only getting ACP money, but also with the other cable and phone companies, get the lion’s share of the BEAD funding - over \$42 billion to be given out in the states to solve the Digital Divide -- as well as a host of other state and federal funding sources. .

Please Sir! May I have Another? Unjust & Unreasonable Rates?



READ THE REPORT: The IRREGULATORS Call for Audits and Investigations of the Cable, Broadband, Internet, Phone & Wireless Service Prices, the Underlying Revenues, Expenses, Profits, as Well as the Controlling Factors -- the Cross-Subsidies and Regulatory Capture.

This graphic is from Comcast, stating that the ACP program is critical for our country's future. If Comcast wants this program extended, you know there is a subplot of how they have made these 'poor people' a new profit center.

Over 23 million low income individuals and families are currently receiving a federal subsidy for broadband called "ACP", "Affordable Connectivity Program", and Comcast and the other cable and phone companies are some of the largest beneficiaries. And the program is scheduled to end in Spring 2024.

The IRREGULATORS believe that this program must be extended as we do not screw 23 million people who need the \$30 a month assistance.

Then what? America has asked the wrong questions. How is it possible:

- 23 million low-income families can't or struggle to afford basic broadband service? Estimates show almost 50 million people were total that could have applied.
- Overseas, documented prices for communications services, like broadband or even wireless, are a fraction of the costs in America? Why?
- Each state put together a '5-year broadband plan', to get funds to solve the Digital Divide. but NO State Broadband Office (SBO) ever mentions the last 3 decades of promises for a fiber optic future that never showed, that customers have been and continue to pay-- be overcharged, for networks they did not get.
- Who does Comcast think is charging exorbitant rates so that low-income families can't afford service?

The rest of this document is part of the first complaint against the unjust and unreasonable costs of America's communications services. It will focus on the cable company offering first.

Chart 1: Comcast New “Rural Subsidy Initiative” -- \$½ Billion a Quarter?

comcast	2021					2022					2023		
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q
Capital Expenditures													
Customer premise equipment (k)	\$ 489	\$ 494	\$ 513	\$ 471	\$ 1,967	\$ 469	\$ 560	\$ 577	\$ 601	\$ 2,207	\$ 537	\$ 576	\$ 659
Scalable infrastructure (l)	411	437	375	441	1,664	359	384	413	555	1,711	354	353	308
Upgrade/Rebuild (m)	145	161	178	235	719	159	189	218	372	938	289	392	509
Support capital (n)	377	389	403	474	1,643	329	367	372	465	1,533	394	431	420
Capital expenditures, excluding line extensions	1,422	1,481	1,469	1,621	5,993	1,316	1,500	1,580	1,993	6,389	1,574	1,752	1,896
Subsidized rural construction line extensions	-	-	-	-	-	192	278	427	539	1,436	371	529	498
Other line extensions	399	400	392	451	1,642	349	415	399	388	1,551	519	553	567
Total line extensions (o)	399	400	392	451	1,642	541	693	826	927	2,987	890	1,082	1,065
Total capital expenditures	\$ 1,821	\$ 1,881	\$ 1,861	\$ 2,072	\$ 7,635	\$ 1,857	\$ 2,193	\$ 2,406	\$ 2,920	\$ 9,376	\$ 2,464	\$ 2,834	\$ 2,961
Capital expenditures included in total related to:													
Commercial services	333	397	353	362	1,445	365	376	369	401	1,511	367	409	403
Subsidized rural construction initiative (p)	-	-	-	-	-	201	296	440	567	1,504	391	541	512
Mobile	112	124	119	127	482	74	95	96	111	376	77	82	76

According to Chart 1, Comcast has made a new profit center for the ‘Subsidized Rural Initiative’ and is bringing in approximately \$ ½ billion dollars a quarter for the last 2 years. And there were no expenditures in 2021. Also, there is a nominal amount being spent on wireless.

Questions: What this appears to say:

- We are funding Comcast to expand their monopoly and increase their customer base through gov. subsidies of which we assume some of this is from the ACP program, or other gov subsidies -- state, etc.
- After they extend their lines, they also get to keep the physical infrastructure.
- There are no discounts, etc for having the government fund these networks.
- At the same time, the advocates pitching Comcast low income “Essentials” are acting as the company sales force to increase Comcast’s customer base.
- There are also no discounted prices even when the networks were built via gov subsidies, or previous rate increases through faulty deregulation.
- There is no requirement to open the networks up to competition.
- But, at the same time, Comcast can charge out of control rates on their regular cable subscribers.
- Why are we paying them to increase their monopoly?
- And then letting them own government subsidized networks?

Chart 2: 70-98% Profit Margins on the Voice and Data Services

Comcast New York Cable Franchise Annual Report			
Other Operating Revenue:		2011	2010
Data	\$	11,648,131	\$ 11,176,711
Voice		8,089,116	7,676,592
Total Other Operating Revenue	\$	19,737,247	\$ 18,853,304
		98% Profit Margin	93% Profit Margin
Other Operating Expense:			
Data		8,125,065	805,274
Voice		185,912	1,046,034
Total Other Operating Expense	\$	8,310,977	\$ 1,851,308

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The chart above was created with excerpts taken from the Comcast NY cable TV franchise annual report, from 2010 and 2011. It shows that these 2 lines of business had obscene profit margins for their 'operating revenues and expenses.

ACTION: We will be filing FOIA requests as all the rest of the years has been redacted for New York. This information matches the Annual Reports of Comcast and WarnerCable (now Spectrum/Charter) as to the profit margins of specific services, but the format that was originally presented was stopped to avoid analysis in detail.

But what these numbers show is that the cable TV networks were built out and these other services are not paying market prices to use the networks but are subsidized and paying a fraction of the expenses.

How much of this is still in place or did Comcast change the accounting or did the businesses change over time?

NOTE The first chart is from the holding company, Comcast, and the second is from Comcast NY's holdings.

Why have the subsidiaries been allowed to use the cable TV franchise, the rights of way and all of the major anti-competitive advantages by only paying a fraction of the expenses?

- If broadband and voice have over a 90% profit margin, where are the investigations to lower rates as they are using the franchised rights of way and not paying expenses.
- And does this mean that the cable TV customers acted as 'defacto' investors for these other lines of business that are also bringing in retail prices for what appears to be incremental expenses -- i.e.; the broadband service and the voice service expenses, if they were competitive, would have to pay for the network usage,-- as competitors, "CLECs", There appears to be no such payments.
- At the same time, if it only costs a fraction of the actual charge to provide broadband, what does it actually cost so much?

Chart 3: Time Warner Cable's Financials Showed 97% Profit Margins

The findings of profit margins for Comcast NY's Data and Voice lines of business has been something of concern for the last decade, [when we uncovered that Time Warner](#) and the other cable companies' subsidiaries had obscene profit margins, detailed in their annual reports.

Time Warner Cable CableTV, High-Speed Internet and Digital Voice Revenues, Costs and Profits 2013

(Source: Time Warner Cable 2013, 10K, Annual Report)

Revenues	2013	2012	2011
Video	\$ 74.90	\$74.64	\$ 73.18
High-Speed Data	\$43.92	\$39.66	\$ 38.32
Voice	\$34.40	\$ 35.68	\$ 36.89
Costs Per Subscriber			
Video	\$ 33.62	\$31.12	\$29.59
High-Speed Data	\$1.32	\$1.44	\$1.46
Voice	\$ 8.94	\$10.01	\$10.76
Profit Margin			
Video	55%	58%	60%
High Speed Data	97%	96%	96%
Voice	74%	72%	71%
Costs Vs Revenues			
Video	123%	140%	147%
High-Speed Data	3227%	2651%	2533%
Voice	285%	256%	243%

Chart 4: Incremental Pricing vs America's Hyper-Retail Rates.

Simply put -- the core price of the overseas (EU) providers triple play service is based on a total price of \$35-40 dollars. This example was from specific Free French triple play service, (as [described in this link](#)). The fee starts at 29.99 Euros for the first year and includes the VAT tax, usually 20%. Vs -In the US, the Spectrum basic triple play core price is \$156.74+ dollars -- because they were not held to a pricing formula for the public interest but charging retail for what should have been incremental prices.

Difference: It comes to 350% more for just the basic rate, about \$110 bucks a month, about over \$1,300 dollars more --(rounded). We note that since this February 2024, the prices increased in Spectrum NYC. For the triple play, the broadcast fee is now over \$30.00.

"No Gimmicks" Pricing for Free Telecom French Vs America

		FREE-FRANCE	SPECTRUM-US	OVER
1)	PLAN: 39.99 Euros	\$43.98	\$156.74	\$112.72
	First Year:	(29.99 EUROS)	DIFFERENCE:	

Chart 5: Spectrum Basic Triple Play Package, About 350% More.

Bundled Services	
All The Best Triple Starter TV, Standard TV, Variety Pass OR Lite Esp, Extreme Internet & Home Phone	156.74
Bundled Services Total	\$156.74

Second Part of the Overseas Vs US Equation: Added Fees, Taxes & Surcharges.

Chart 6: Overseas vs US Prices -- Fake, junk fees, pass through taxes, charges for all equipment, even the tech that is required to use the cable or broadband service, are just a few of the problems that we found when comparing the cable triple play of Spectrum NY with the French “Free Telecom” triple play service.

"No Gimmicks" Pricing for Free Telecom French Fiber Optic Service Vs America Is Getting Screwed				
		FREE-FRANCE	SPECTRUM-US	OVER
1)	PLAN: 39.99 Euros	\$43.98	\$156.74	\$112.72
	First Year:	(29.99 EUROS)	DIFFERENCE:	
	Total Price	\$43.98	\$225.37	\$181.39
2)	ADVERTISED PRICE	No Gimmicks	DECEPTIVE	
3)	EQUIPMENT			
4)	High Speed Modem		Hidden Charge	\$ 10.00
5)	Set Top Cable Box		Hidden Charge	\$ 11.75
6)	TAXES, SURCHARGES	VAT TAX Included		
7)	MADE UP FEES		Cost Recovery	\$ 1.24
			Broadcast Fee	\$ 27.90
8)	ADDED CHARGES		Franchise Fee	\$ 7.06
			USF FUND	\$ 2.74
			PEG Capital Fee	\$ 1.40
9)	PASS THROUGH TAXES		MCTD 186E	\$ 0.24
10)	ADDED TAXES, FEES.		State, Local Sales Tax	\$ 3.55
			State Universal Service	\$ 0.07
			State Excise Tax	\$ 1.01
			E911 Fee	\$ 1.00
			Local Telecom Excise	\$ 0.71
11)	ADDITIONAL FEES	ZERO	TOTAL ADDITIONAL	\$ 68.67
12)	OVERCHARGED		OVERCHARGE	\$181.39

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Look at this mess'. On the right are the actual additional charges on one bill, adding \$68.67. This chart reveals the second most important difference of overseas services vs US -- they never allowed for 'gimmicks', made up added fees, surcharges or tax on tax.

The current FCC nutritional label never reveals that there is no ‘Rosetta Stone’ on how to calculate these taxes or more insidious, the tax on tax.

From the chart above, the \$27.90 fee is ‘made up’. It has no cost justification presented and the taxing authority considers it direct revenue to the company. Therefore, it is also taxed, fee’ed and surcharged in multiple ways.

There is nothing on the cable company site or even in a filing that details exactly how these fees are justified, and whether they are taxed again.

However, one thing is perfectly clear -- The NYC Spectrum Triple Play has at least 12-15 other line items, some of which are legitimate, but with nothing to detail how the numbers were derived.

But it added \$69+ a month to the inflated triple play. I.e., \$157 for the bloated core triple play, then add \$69 for the added fees, including the mandatory equipment to use the services. I note that the overseas price includes the VAT tax of 20%, making these comparisons even more glaring.