



# NEW JERSEY DIVISION OF THE RATEPAYER ADVOCATE

## **INFORMED CONSUMERS MAKE SMART DECISIONS**

### COMCAST/AT&T MERGER

The Federal Communications Commission ("FCC") is reviewing applications from AT&T Broadband and Comcast Corp. requesting approval to merge the companies. AT&T Broadband and Comcast are respectively the largest and third-largest, cable operators in the U.S. A merger of the companies could forever change the cable television and high-speed Internet broadband marketplace.

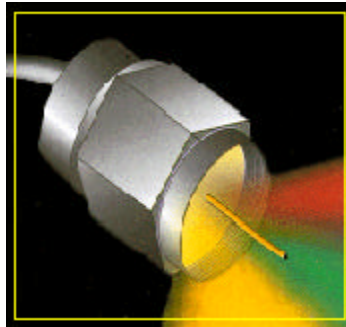
The proposed name of the new merged company is AT&T Comcast Corporation. After its initial filing to the FCC, many consumer organizations, state commissions, municipalities, and other interested parties voiced strong concerns about the merger and the possibility that it could harm consumers and frustrate competition in the cable and high-speed Internet markets. The Ratepayer Advocate also expressed its views on the merger in filings to the FCC and the New Jersey Board of Public Utilities that the merger of AT&T Broadband and Comcast will further entrench the monopoly control of cable operators. The lack of competition in New Jersey could ultimately result in under-funding of future operations, reduced customer service, and higher cable prices; results that would not be in the public interest.

The Ratepayer Advocate's concerns stem from the dominant role that AT&T Comcast could occupy as both a seller of programming and high-speed Internet access to the public, as well as a purchaser of that programming from producers. Acting as both the purchaser and seller with virtual control of the middleman position, AT&T Comcast could determine the fate of competition in the cable programming market by having a major impact on the choices and prices for viewers in news, sports, entertainment, and local services. Likewise, by controlling the vital "last mile" connections to millions of American homes, AT&T Comcast would be in a position to define Internet service

### ANSWERS TO FREQUENT QUESTIONS ABOUT CABLE TELEVISION RATES AND PROGRAMMING

#### **Who decides my cable rates and programming choices?**

Cable television rates have come under increasing scrutiny by the FCC as nationwide consumers have expressed their concern over rates that have risen at four times the rate of inflation.



The Ratepayer Advocate is also concerned about cable rates and programming. However, cable services are only subject to Federal regulations that limit state regulation.

Under state and federal law, the New Jersey Board of Public Utilities ("BPU") may regulate cable rates for "basic cable service" which is generally the lowest tier, as well as fees used to pay for the operation of channels providing public, governmental, and educational access. The BPU may not regulate rates for cable programming services above this basic service tier.

Even when regulating rates for "basic cable service," the BPU's authority is limited. The FCC has established benchmark rates using standardized formulas and the BPU must use these formulas when reviewing proposed rate increases.

#### **Are there any alternatives to cable television in my area?**

Perhaps. Consumers in some areas have access to alternatives such as Direct Broadcast Satellite ("DBS") or wireless cable services. Though their rates for installation and programming are still somewhat higher than cable television, "wireless" services have become an increasingly popular alternative. Over the next few years,

(CONTINUED ON NEXT PAGE)

(CONTINUED ON NEXT PAGE)

(OVER)

## COMCAST/AT&T MERGER (CONT.)

for the twenty-first century. The AT&T Comcast stronghold on the cable programming and high-speed Internet markets could produce even higher cable prices for New Jersey consumers and diminished service quality resulting from the consolidation of customer care and repair centers.

The Ratepayer Advocate supported imposing certain conditions on the AT&T Comcast merger before approval should be received from the FCC. Some conditions include requiring AT&T Comcast to distribute its programming (cable networks) to competitors on a nondiscriminatory basis and also requiring the company to permit all Internet Service Providers to offer services over the AT&T Comcast network. Approval of the merger without conditions could have adverse effects on consumers with no guarantee of counterbalancing benefits. The BPU approved the merger on 10/30/02 and the FCC is expected to issue its decision soon.

### ANSWERS TO FREQUENT QUESTIONS ABOUT CABLE TELEVISION RATES AND PROGRAMMING (CONT.)

the BPU expects satellite services to become more competitive with cable companies for customers.

#### **What should I do if I have a cable television complaint?**

Consumers with concerns about their cable rates, services or programming should first contact their cable service provider. Often, one-on-one contact with the utility will result in getting your questions answered, or resolve any problems you may have with your cable services.

If you have an unresolved complaint or question, contact the BPU at the Office of Cable Television, Two Gateway Center, Newark, NJ 07102. Or visit their web site at [www.bpu.state.nj.us](http://www.bpu.state.nj.us), or call them at 1-800-624-0331. In addition to regulated issues, The Consumer Affairs Division of BPU/Office of Cable Television investigates complaints relating to service quality, including consumer service and protection, service reliability and signal quality.

## CABLE LEGISLATION

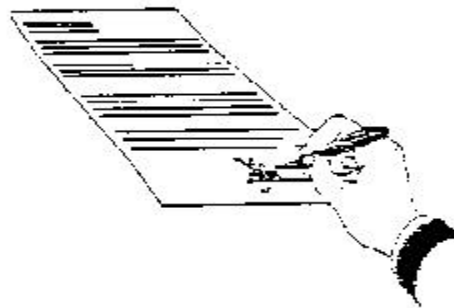
Legislation was recently introduced by Assemblymen Jeff Van Drew(D), Peter Eagler(D) and Assemblywoman Linda Greenstein(D) crafted to make the cable television industry more responsive and accountable to consumers. The proposed legislation would institute the following four requirements to improve customer service by cable providers:

The BPU would establish a limit on late fees that can be charged by cable television companies to consumers for late payment of cable television service bills

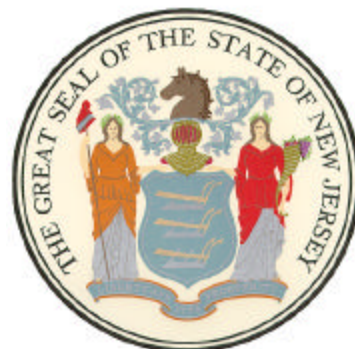
Cable television companies would be required to schedule service calls within a maximum three hour "appointment window". If the cable company is unable to keep the scheduled appointment, then the company would be required to re-schedule the appointment at a time convenient to the customer.

Cable Companies must grant automatic credits to customers whenever there is a service outage lasting three hours or longer without requiring the customer to notify the cable company of the outage.

The bill clarifies that any cable television company which receives compensation for providing cable service other than the charges and rates set forth in the company's tariffs that are in effect at the time, may be required by the BPU to provide cable television customers appropriate credits and rebates, with interest.



**New Jersey**  
**Division of the Ratepayer Advocate**  
**Acting Director and Ratepayer Advocate**  
**Seema M. Singh, Esq**  
31 Clinton Street, 11th floor  
P.O. Box 46005  
Newark, NJ 07101  
Tel. (973) 648-2690  
Fax (973) 624-1047  
<http://www.rpa.state.nj.us>  
e-mail: [njratepayer@rpa.state.nj.us](mailto:njratepayer@rpa.state.nj.us)



**Public Advocate Designate Seema M. Singh, Esq.**  
**Governor James E. McGreevey**