

NC House Select Committee on High Speed Internet Access in Rural and Urban Areas

December 14, 2009

Room 544

9:30 a.m.

- *Presentation by*
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TWC letter to Chatham/Orange/Durham Counties

December 9, 2008

Dear Mr. Horne:

Time Warner Cable has added 20 channels in the past year including ESPN HD, Discovery Channel HD, MGM HD, CNN HD, BIO HD, Speed HD, Planet Green HD, Food Network HD, and HGTV HD just to name a few. Plus, more channels will be added soon. If you're a Road Runner customer, you can take advantage of our increased download speeds and surf the internet faster than ever before. Also, with Digital Phone service, there are three different calling plans to choose from.

To enable us to continue adding programming and making investments in new technology, we will make adjustments to monthly prices beginning with the customer's next billing statement. As required whenever our prices are adjusted, we have ensured that our new prices for regulated levels of service are in compliance with Federal Communication Commission rules. A complete chart of prices is listed below. In addition, if the customer is currently receiving a promotional discount, that discounted price will remain in effect until the end of the promotional period.

Message-515, Co-58, Div-69, Franch# 715, 720, Franch Name- Orange Cnty, Durham Cnty

Cable Services	Current Price	New Price
Basic Cable Service (with no other service)	\$12.25	\$15.95
Basic Cable Service (when subscribing to another service)	\$12.25	\$12.50
Standard Cable Service (requires Basic Cable)	\$38.35	\$41.14

TWC Letter to Wilson

December 9, 2008

CITY MANAGER'S OFFICE

Dear Mr. Goings:

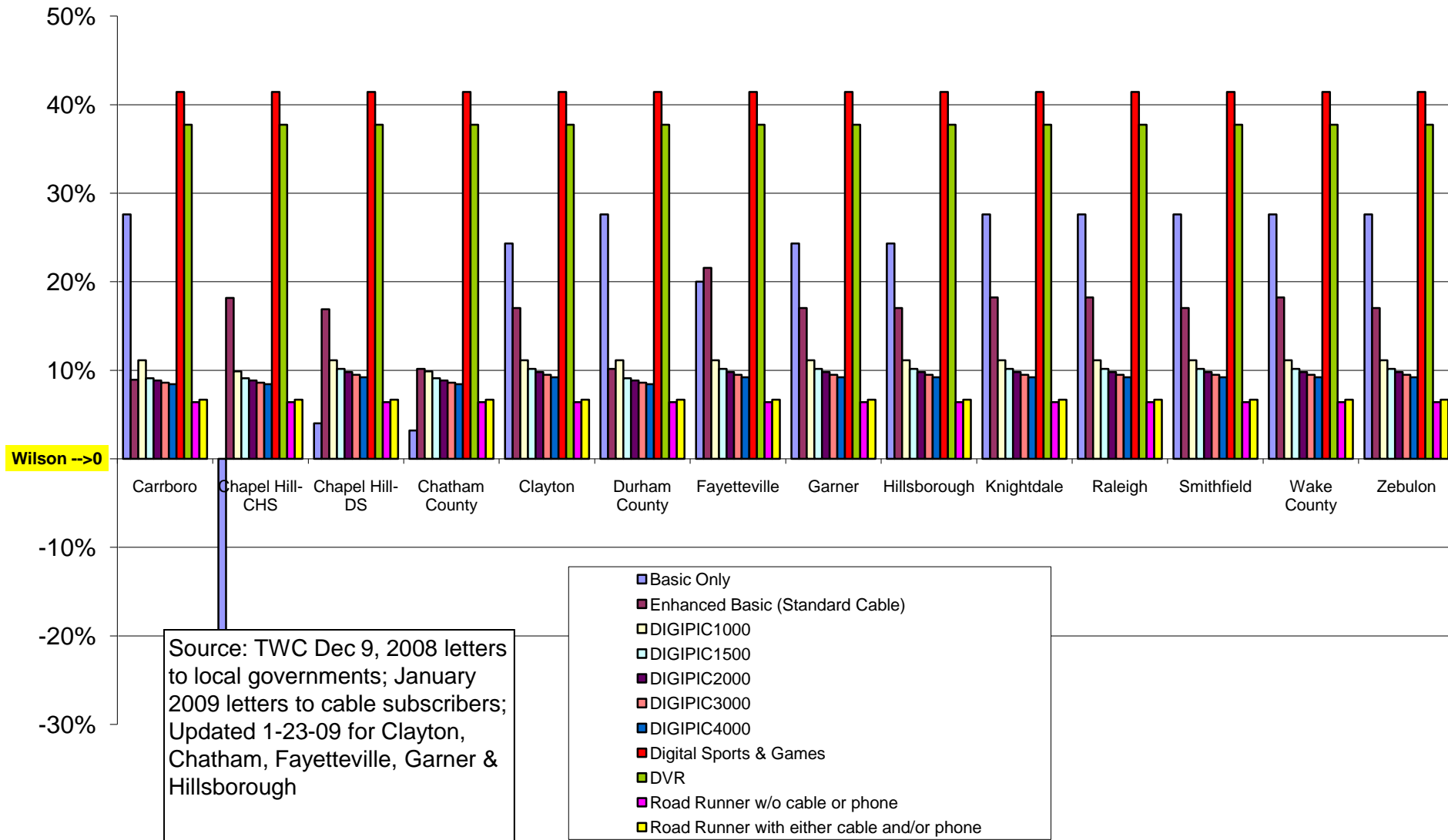
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Message-524,Co-58,Div-89 Franch# 012, Franch Name- City of Wilson

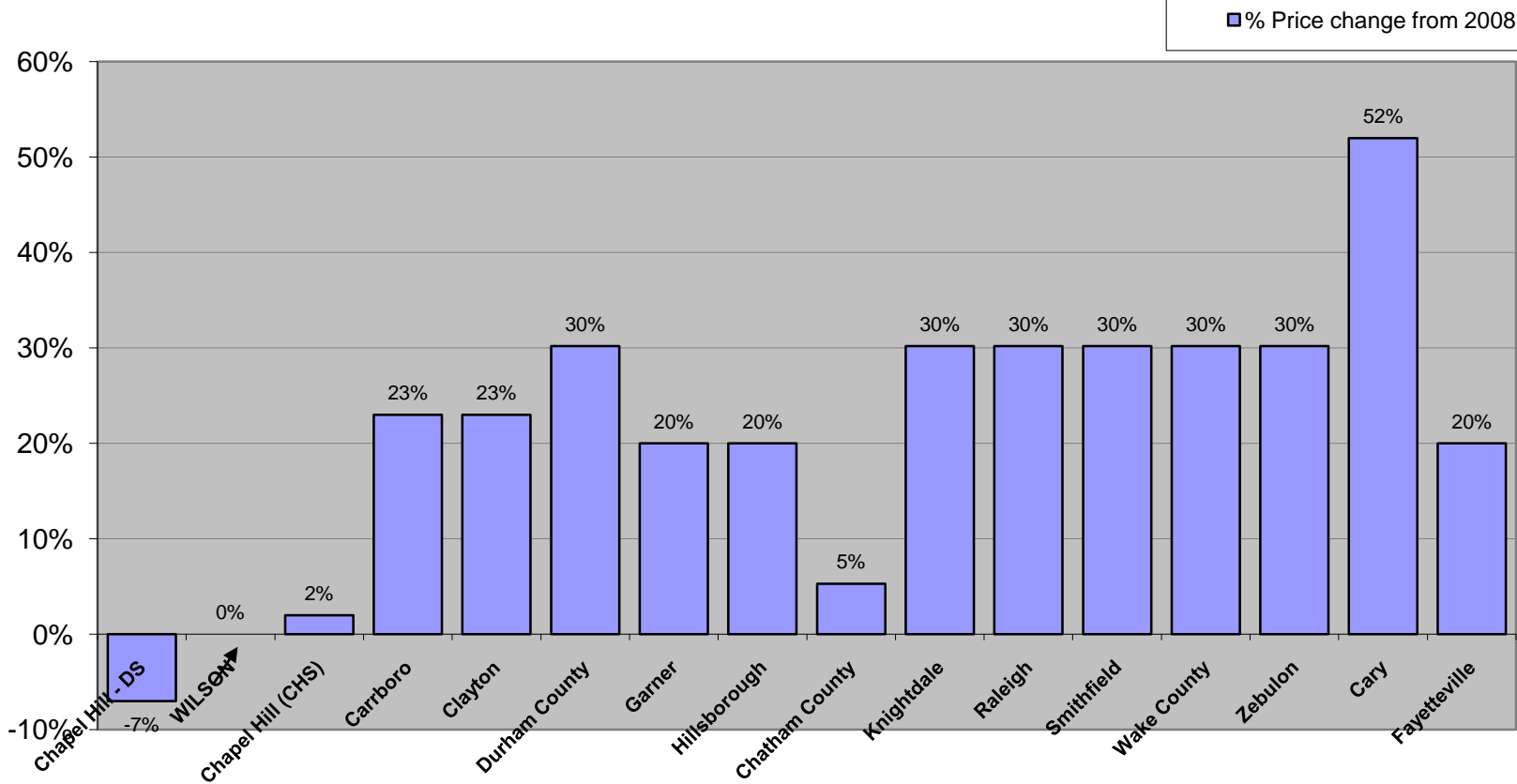
Cable Services	Current Price	New Price
Basic Cable Service	\$12.50	No Change
Standard Cable Service (requires Basic Cable)	\$37.35	No Change

How Much More is TWC charging its RTP vs. its Wilson Cable Customers?



BASIC SERVICE TIER – Wilson 0%; TJCOG up to 50%↑

How much more TWC raised the cost of Basic only for its RTP than for its Wilson customers

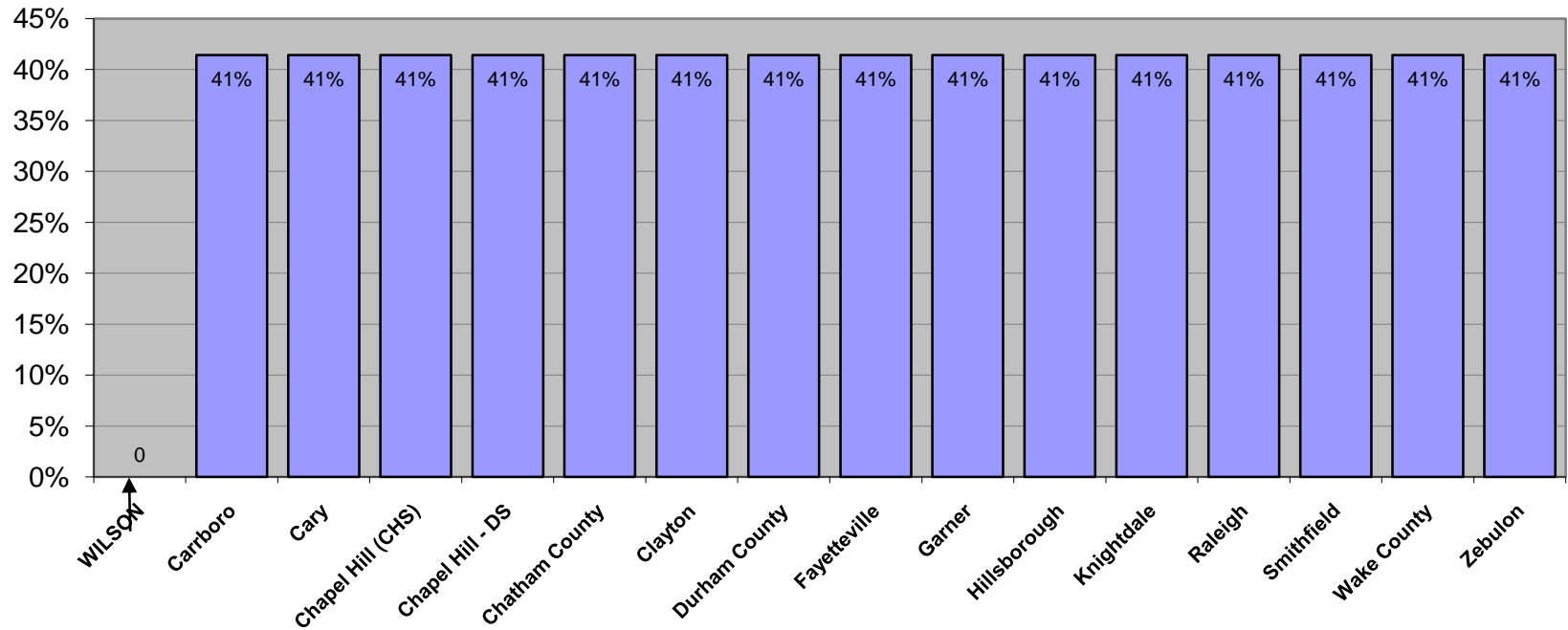


Source: TWC Dec 2008 letters to local governments; TWC January 2008 letters to subscribers *updated 1-2309 for Chatham, Clayton, Garner, Fayetteville & Hillsborough

DIGITAL SPORTS –

Wilson 0%; TJCOG 41%

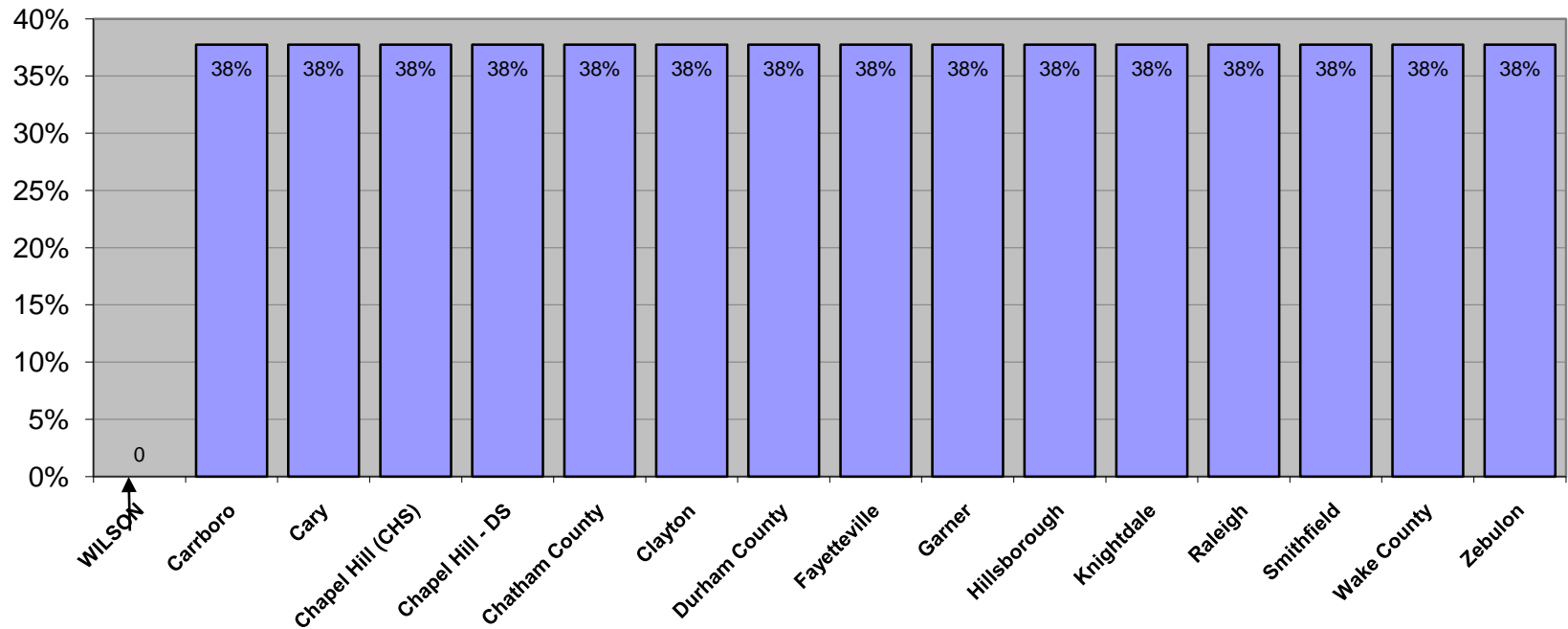
How much more TWC raised the cost of its Digital Sports & Games tier for its RTP than for its Wilson customers



■ % Price change from 2008

DVR – Wilson 0%; TJCOG 38%

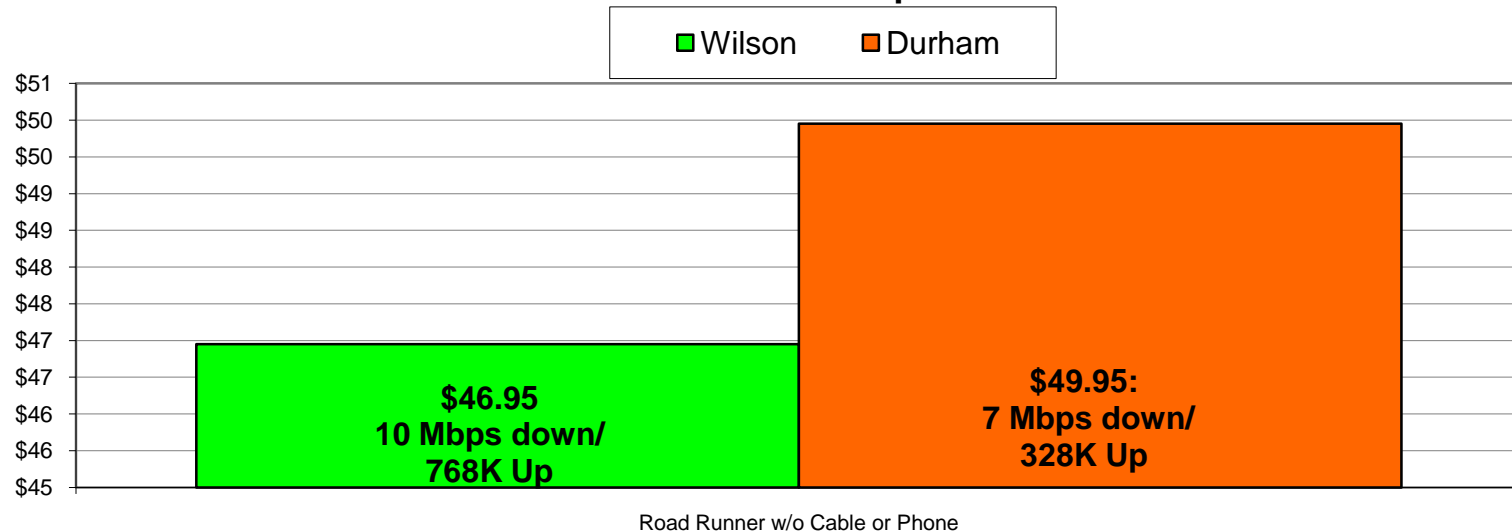
How much more TWC raised the cost of its DVR Equipment for its RTP than for its Wilson customers



■ % Price change from 2008

Higher Price/ Less Service

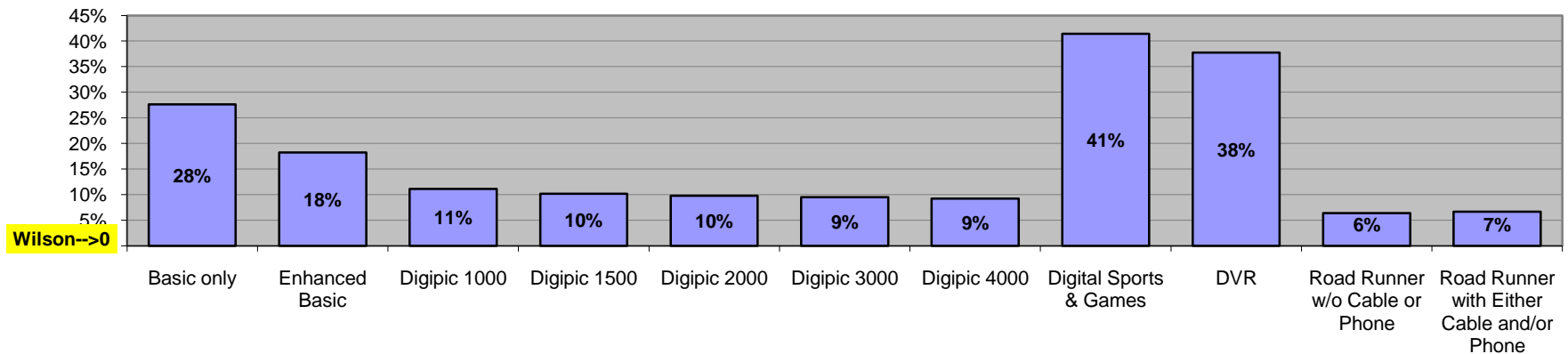
**Wilson vs. Durham County Road Runner
Price to Speed**



Easy to Conclude:

- **TWC IS CROSS-SUBSIDIZING**
- Is the Triangle (and the rest of North Carolina) paying for Time Warner Cable's lower rates in Wilson?

How much more is TWC charging its Raleigh than its Wilson cable customers?



TWC: predatory prices?

Service	Greenlight	TWC Price from CSR
• Digital Plus/Voice/HD/DVR	\$136	\$63 plus 1 year Showtime/Movie Channel
• Digital Bronze/Data/Voice/HD/VCR	\$149*	\$99 plus 1 year Showtime/Movie Channel

*Cary - @\$180 w/o Showtime/MC

Conclusions:

- Video Service Competition Act did not create competition;
- Instead, cable industry raised its rates;
- Everywhere except in communities with municipally-owned systems – where real competition developed on its own out a need for better infrastructure;
- Cable industry's first priority is profit; (monopoly profits are best profits)
- (Cross-subsidizing) Charging its own customers in the Triangle (& state) higher rates in order to undercut its competitor's rates (Wilson's Greenlight) to drive it out of the market into failure (sets an example);
- Cable industry sponsoring H1252 to terminate real competition in NC represented by municipally-owned broadband systems.
- Once competition disappears, everyone's rates go up with no impetus for improving infrastructure or building-out communities with essential broadband. Profits from NC invested in TWC states characterized by higher incomes, higher household density.

TWC Fiber to the home in Hawaii



Aloha Residents of Hualalai Resort:

Oceanic Time Warner Cable would like to extend our warmest Mahalo and Aloha to you. We are confident that our Cable, Internet, and Home Phone service will more than satisfy your entertainment, information, and communication needs and we will continue to grow with you as these needs change.

We're, a Kama'aina firm with over thirty-five years of dedicated service to the community, is one of the nation's most advanced, most reliable communications and information systems. Through thousands of miles of fiber optic cable and coax cable, Oceanic Time Warner Cable provides high speed Internet access ("Road Runner").

We offer several options our Road Runner service to fit your needs with various bandwidth capabilities (Download/Upload);

- Road Runner 1.5 (Bandwidth of up-to 1.5Mbps/384Kbps)
- Road Runner Service (Bandwidth of up-to 5Mbps/1Mbps)
- Road Runner Turbo (Bandwidth of up-to 8Mbps/1Mbps)

COMING SOON TO THE BIG ISLAND IN 2008!

- Road Runner Turbo-Plus (Bandwidth of up-to 15Mbps/1Mbps)
- Fiber-to-the-Home (Bandwidths of up-to 100Mbps/100Mbps)

Currently work is being completed on connecting each home with Fiber access to the Internet and is projected to be completed by 4th quarter 2008.

For more information you can visit our website at www.oceanic.com. Call now and

Hualalai Resort

KONA-KOHALA COAST, BIG ISLAND, HAWAII Longing to live the Hawaiian life? Look no further than Hualalai Resort, a secluded haven that combines culture, community and environmental consciousness under one big beautiful blue sky. In keeping with the Hawaiian tradition of 'ohana (family), beachfront bungalows, Hawaiian-style homes and custom estates are grouped in intimate neighborhoods (prices range from \$4.3 to \$25 million). Between the two on-property golf courses, the Hualalai Sports Club and Spa and the Four Seasons Resort Hualalai, there's something for everyone.