

# Office for Community Technology

▲ Broadband & Communications Policy    ▲ Cable Regulation & Consumer Protection    ▲ Utility Franchises, Licenses & Wireless

February 22, 2016

Stephanie Yamada  
OPUC  
PO Box 1088  
Salem, Oregon 97308-1088

RE: Docket UM 1760

Dear Ms. Yamada,

Thank you for the opportunity to provide input to Docket UM 1760. I'm writing on behalf of the City of Portland to recommend that the OPUC deny Comcast's application for qualified project determination for its Gigabit Pro Internet service. This letter follows our February 5 letter which expressed deep concerns about the application.

The application materials made available to Portland provided a very general description of Comcast's Gigabit Pro marketing materials, FAQs, and a sample agreement, stating that the service provides "download and upload speeds of up to 2 gigabits per second" and that the service is "\$299.95 per month (pricing subject to change)."

Comcast's application should be denied for the following reasons:

1. SB 611 (Oregon Laws 2015, Chapter 23, Section 5), provides in part, a project is qualified if it "requires capital investment in newly constructed or installed real or tangible personal property constituting infrastructure that enable the company to offer communications services..." The intent of SB 611 was to incent new capital investment in communications infrastructure capable of providing gigabit speeds. Significant new capital investment should be an absolute prerequisite for every qualified project determination. The City is aware of no new capital investment by Comcast since the passage of SB 611. Thus, the application does not meet a fundamental qualifying statutory criteria.

2. The quoted price of \$299.95 per month is very high, meaning that most residents of Portland would be unlikely to afford the service. According to the Housing Bureau, the 2015 Median Income for a family of four is \$73,900 (<https://www.portlandoregon.gov/phb/article/522288>). This number is determined for purposes of HUD Sec. 8 income levels. At Comcast's charge of \$299.95 per month, this would be almost \$3,600 per year, or approximately 5% of the household income. In addition, subscribers to this service have reportedly been required to pay up to \$500 in installation fees and up to \$500 in activation fees, as well as committing to two years of service.<sup>1</sup> Furthermore there is a \$1000-plus early termination

<sup>1</sup> Chris Welch, "Comcast's 2Gbps internet costs \$300 per month with huge install fees," *The Verge*, July 13, 2015, <http://www.theverge.com/2015/7/13/8949207/comcast-gigabit-pro-price-300>

Phone 503-823-5385    Fax 503-823-5370    TTY 503-823-6868    [www.portlandoregon.gov/OCT](http://www.portlandoregon.gov/OCT)

*An Equal Opportunity Employer*  
*To help ensure access to program, services and activities,*  
*the Office of Management & Finance will reasonably modify policies/procedures and provide auxiliary*  
*aids/services to persons with disabilities upon request.*



fee should you decide to cancel while your contract's ongoing, and users can expect to wait "six to eight weeks" for an install.<sup>2</sup>

Portland, Multnomah County Libraries and many community-based partners have been working on a Digital Equity Action Plan since the fall of 2015. Through focus groups and extensive community engagement we know that cost is the number one barrier for broadband adoption. A recently completed study, **Digital Inclusion and Meaningful Broadband Adoption Initiatives** (<https://www.benton.org/inclusion-adoption-report>), confirms local findings that cost is the major barrier to broadband adoption. The \$299.95 per month price point is out of reach for most Oregonians and completely out of reach for low income populations.

3. As for the speed of the Gigabit Pro service, Comcast's materials state that it provides "download and upload speeds of up to 2 gigabits per second". No minimum speeds are identified in the application materials. SB 611 provides the capacity should be at "a capacity of at least one gigabit per second symmetrical service, to a majority of the residential customers of the company's broadband services."

4. Gigabit Pro is so far being deployed in an incremental way to customers desiring the service—not as a system-wide service. And the level of effort and expense that Comcast will incur to deliver the service will limit its availability.

The Gigabit Pro service requires Comcast to extend fiber optics in the right-of-way from the fiber portion of Comcast's network to the user premises. Because Comcast's system is hybrid fiber-coaxial with only the trunk portion fibered, this extension can be a distance of up to one-half mile in an urban or dense suburban area. In an ideal scenario, where the route from the existing fiber to the customer is on aerial plant, and that aerial plant is not too overloaded with cables, this construction could be accomplished in a few days. (The same would hold true if another Gigabit Pro customer happened to be nearby, and Comcast had already constructed a fiber extension to that customers.) If any underground construction were required, however, or if a new cable attachment were required on the pole, providing Gigabit Pro service would require permitting and expensive construction—requiring weeks or months to complete.

That level of construction could potentially be so costly that Comcast might tell the customer that the service is not available to the customer's premises. Since only a small percentage of Comcast's cable plant has fiber on it, a full upgrade to make Gigabit Pro a ubiquitous and immediate option would be incredibly costly for Comcast—well over \$100,000 per mile in underground areas.

5. The anticipated impact of the tax exemption was that new investment and construction would balance against the potential tax reductions. Comcast currently pays central assessment taxes. If the application is approved schools, libraries and local governments across the state would receive significantly less revenue. Again, there is no indication that Comcast has undertaken any new investment or construction since the adoption of SB 611 as anticipated in the statutory criteria. This application was not the kind anticipated by the Legislature.

6. In its application materials submitted to the Commission, Comcast referenced provisions in its cable franchise with the City of Portland addressing non-discrimination as indicating that it meets the requirement under OPUC temporary rules for non-discriminatory provision of broadband services.

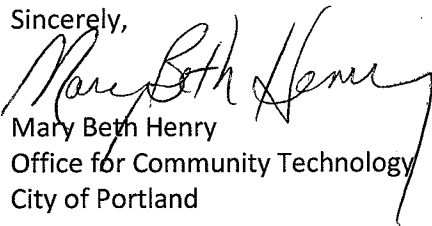
---

<sup>2</sup> Karl Bode, "Users Finally Start Getting Comcast's Two Gigabit Service" *DSL Reports* Sep 15, 2015  
<http://www.dslreports.com/shownews/Users-Finally-Start-Getting-Comcasts-Two-Gigabit-Service-135070>

However, in local dealings with Comcast representatives, the company has uniformly asserted on multiple occasions that the cable franchise bears no relationship to its broadband service offerings nor does the cable franchise provide any legal basis for any regulatory oversight over Comcast's broadband services. The conflating of Comcast's cable franchise obligations with its offering of broadband services is a misdirection.

For the reasons cited above the City of Portland respectfully requests that the OPUC deny Comcast's application for qualified project determination. We'd be happy to answer any further questions you may have.

Sincerely,



Mary Beth Henry  
Office for Community Technology  
City of Portland

Additional References:

Report for City of Seattle about the cable industry's upgrade path:

<http://www.ctcnet.us/publications/the-state-of-the-art-and-evolution-of-cable-television-and-broadband-technology/>

Report for Public Knowledge with information about the limitations of cable for bandwidth absent upgrades:

[http://www.ctcnet.us/wp-content/uploads/2014/11/State\\_of\\_the\\_Art\\_and\\_Evolution\\_of\\_Cable\\_Television\\_and\\_Broadband\\_Technology.pdf](http://www.ctcnet.us/wp-content/uploads/2014/11/State_of_the_Art_and_Evolution_of_Cable_Television_and_Broadband_Technology.pdf)

Page 29: "The cable industry claims that DOCSIS 3.1 will provide 10 Gbps downstream capacity and 1 Gbps upstream. This will not be possible for most actual cable systems—a typical system with 860 MHz capacity might have the first 192 MHz assigned to upstream, leaving approximately 660 MHz for downstream. Even with 10 bps/Hz efficiency, the actual downstream capacity for a shared node area would be closer to 6 Gbps than 10 Gbps, and that capacity will be aggregated among a few hundred users."