



**Prospective Eligible Customers for Comcast Internet Essential Program
Comcast – Time Warner Cable – Charter Communications in California Markets
August 25, 2014**

The purpose of this document is to describe the methodology CETF used to calculate the number of children and households eligible to participate in the Comcast Internet Essentials (CIE) program in the Comcast and Time Warner Cable (TWC) combined territories in California. CETF also analyzed the impact of the proposed exchange of Comcast-Charter Communications service areas on California. If the corporate consolidations proposed by Comcast are approved, then 87% of all California students on the free-and-reduced lunch program will reside in Comcast territory. Thus, it is essential that federal regulators hold Comcast accountable for acceptable performance in reaching eligible households.

Methodology

CETF gathered data from the 2011-2012 Consolidated Application and Fall 2011 California Longitudinal Pupil Achievement Data System from the California Department of Education (CDE) released in April 2013. This source provides a complete list of all California public and charter schools with the number of students participating in the free-or-reduced lunch program (but don't include data on private non-profit schools, which CETF has requested from CDE). CETF excluded schools in counties that are not in Comcast, TWC or Charter areas. School district boundaries were overlaid and compared with CPUC Cable Coverage Maps. A few districts (for example, San Diego City Unified School District) are split among the service areas of multiple companies. If a significant majority of the schools in a district is in either Comcast or TWC territory, all students were counted toward the total. Given that it is impossible to determine where students live in a district, the school addresses were used as the basis of determination. In the case of Imperial County, the CPUC maps do not show a provider, so the California Cable and Telecommunications Association map was used, which identifies TWC as the only provider in populated areas. School districts in larger urban counties were individually and systematically reviewed for more accurate estimates.

Analysis and Findings

Based on this process and analysis, approximately 3,023,796 students on free-or-reduced lunch (out of a total of 3,472,481 statewide) live in the combined Comcast-TWC-Charter territory, which is 87% of all eligible students. Given that Comcast uses a household size of 3.2 to estimate the number of people served by CIE and, by definition, there must be at least 1 adult in a household, the conservative average of 2.2 was used for students per household. Based on this methodology, CETF estimates there are at least 1,374,452 households in the new proposed Comcast service territory (not including private schools) eligible for CIE. The following table summarizes the analysis and projections for households eligible for CIE.

Data Source	Total Number of Eligible Students (CDE Data for Free or Reduced Lunch)	Estimated Number of Households
Comcast (published data and estimates based on 3.2 household size)	1,012,583	313,805
CETF Analysis for Comcast (based on 2.2 student household size)	1,092,347	496,521
CETF Analysis for Time Warner (based on 2.2 student household size)	1,563,873	710,851
CETF Projection for Combined Comcast-TWC Territory	2,656,220	1,207,372
CETF Analysis for Charter (based on 2.2 student household size)	367,576	167,080
CETF Projection for Combined Comcast-TWC-Charter Territory	3,023,796	1,374,452
Percent of California Students Eligible for Free-or-Reduced Lunch	87%	

For purposes of being conservative, the estimated total number of eligible households is “rounded down” to 1.3 million for which 45% is 585,000 households of which 35,205 have been signed up, leaving 549,795 or at least 500,000 households to be signed up. For purposes of being conservative and realistic, the target of at least 500,000 households is being used for the calculations to project the amount of Comcast effort and resources needed to achieve an acceptable level of sign-ups for CIE in California. (Keep in mind that this conservative estimate does not include the expanded population of proposed eligible households.)

Today, it costs CETF grantees about \$480 per household to accomplish “digital literacy for sustained adoption” which includes navigating all the challenges of CIE sign ups and other affordable-offer processes. That level of effort and cost would justify an independent fund for California experienced community-based organizations (CBOs) on the order of \$240 million to sign up 500,000 households. That amount probably can be reduced if the current hurdles to signing up are resolved and significant advertising is done by Comcast (at reasonable viewing times). Another 10% of the amount for CBOs will be needed for independent administration of the fund and coordination among grantees (selected by a state agency through an open competitive process) plus another 10% budgeted for consumer advocate organizations to independently monitor progress and provide policy analysis (for a total California independent fund of approximately \$298M which would have a payback period to Comcast @ \$10/month per household of 5 years). Even under the most sincere of partnership efforts between and among Comcast, CBOs and an independent fund administrator, if there is a serious commitment to reaching at least 500,000 low-income households in the near future, the cost to CBOs per sign up would be at least \$250 and the California independent fund can be no less than \$150M (\$125M for CBOs paid on a performance basis plus \$12.5M for independent administration and coordination and \$12.5M for consumer monitoring which would have a 2-year payback).

An independent fund should be capitalized for other states that meet the proposed criteria of (a) being a major Comcast market and (b) having a strategic plan to close the Digital Divide.