Editorial Comcast merger a chance to narrow the digital divide

By THE TIMES EDITORIAL BOARD

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The California Public Utilities Commission is expected to decide this month whether Comcast's proposed takeover of Time Warner Cable's operations in the state would be in the public interest. An administrative law judge has recommended that the takeover be approved but with a number of conditions that have caused Comcast to cry foul. These include requiring the merged company to sign up 45% of the low-income households in its area for Comcast's discounted broadband Internet service, or at least as high a percentage as it has signed up among all homes in its territory. Comcast argues that simply offering its discounted "Internet Essentials" in Time Warner Cable's service area will be a boon to low-income families, given that they don't have access to anything like it today. But if Comcast expects to merge its way into those communities, the public benefit should be greater than if Comcast had chosen to compete with Time Warner Cable instead of buying it.

The PUC oversees only the changes in network ownership within California. The U.S. Department of Justice and the Federal Communications Commission, which are considering the deal's overall effect on competition and communications, will have the final say on the merger. As we've noted before, the merger doesn't raise the usual sorts of antitrust concerns because Comcast and Time Warner Cable, like most cable companies, have studiously avoided competing in communities served by another cable TV operator. Instead, what's worrisome is Comcast's dominance in the market for broadband connections with download speeds of at least 10 Mbps. The deal would increase the company's share to 42% of U.S. homes, by Comcast's estimate.

Yet the increase in Comcast's reach online also gives the PUC the opportunity to narrow the digital divide in Los Angeles and other parts of California occupied by Time Warner Cable. As the low adoption rate for Internet Essentials shows, it's not easy bringing broadband to the roughly 20% of U.S. homes that don't have it. For many of these consumers, the problem isn't just the cost of a computer and the monthly fees for the connection; it's also the unfamiliarity with computers and the resources available online. These people are at risk of becoming increasingly isolated in a society powered by information technology.

Comcast has done some of the right things, working with schools and community groups to offer discounted computers and free training to low-income families. But it has also struggled with hiccups in customer service, and it has limited the program to families with school-age children. If it maintained that approach after the merger, it would ignore more than 2 million low-income Californians. The California Emerging Technology Fund, which was created in 2005 as a condition of two blockbuster telephone company mergers, has shown that the right combination of partners and programs can yield sign-up rates of 45% and more. It's reasonable to demand as much from Comcast and any other broadband provider that wants to expand its turf without building a network and competing.

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