STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Petition of Southern Vermont Cable Company for consent, pursuant to 30 V.S.A § 109, to sell substantially all of its Vermont assets to Comcast of Connecticut/Georgia/Massachusetts/New Hampshire/New York/North Carolina/Virginia/Vermont, LLC, approval, pursuant to 30 V.S.A. § 505, of such entity's abandonment of cable-television service in Vermont and revocation of its Certificates of Public Good	)	
		Case No. 19-4845-PET
Petition of Comcast of Connecticut/Georgia/Massachusetts/New Hampshire/New York/North Carolina/Virginia/Vermont, LLC for a Certificate of Public Good, pursuant to 30 V.S.A. §§ 503 & 504 and Vermont Public Utility Commission Rule 8.200, to own and operate the cable-television systems in Vermont currently owned and operated by Southern Vermont Cable Company	)	

REDACTED PREFILED TESTIMONY OF
SCOTT G. WHEELER

ON BEHALF OF THE
VERMONT DEPARTMENT OF PUBLIC SERVICE

March 4, 2020

Summary: Mr. Wheeler's testimony analyzes the financial soundness and stability of Comcast as it relates to the joint petition. Mr. Wheeler also discusses the experience and ability of Comcast to run and manage a cable TV system and the rates Comcast has proposed to charge to customers.

Mr. Wheeler Sponsors the Following Exhibits:

Exhibit DPS–SGW–1	Professional Resume of Scott G. Wheeler
Exhibit DPS–SGW–2	Comcast Corporation Form 10-K Annual Report for the Fiscal Period Ended December 31, 2019

Direct Testimony
of
Scott G. Wheeler

Q1. Please state your full name and occupation.

A1. My name is Scott G. Wheeler. I am the Utilities Finance and Economics Analyst for the Vermont Department of Public Service ("Department").

Q2. Please describe your educational background and experience.

A2. I am a Certified Management Accountant and have a master's degree in Business Administration from California Pacific University. I have worked at the Department since October 1, 2018. Prior to joining the Department, I was employed with Sentinel Investments, a regulated mutual fund subsidiary of National Life Group, for over thirty years. During my tenure there I held various positions, most recently Vice President and Assistant Treasurer, which entailed reporting audited financial results of the mutual funds to shareholders and related filings to the Securities and Exchange Commission. I also served as volunteer Chairperson of the Board of Directors of Granite Hills Credit Union for 12 years with my tenure ending on June 30, 2017.

Q3. Have you previously testified before the Vermont Public Utility Commission ("Commission")?

A3. Yes. I provided testimony in Case No. 18-2549-PET regarding Green Mountain Power

Corporation's ("GMP") proposed upgrades to the Molly's Falls hydroelectric facility, Case No. 18-3231-PET regarding an investigation into the service quality provided by Consolidated Communications, Case No. 19-0441-TF regarding GMP's proposed tariffs on net-metering projects subject to transmission ground fault over voltage constraints and Case No. 19-0513-TF regarding the proposed tariff filing of Vermont Gas Systems, Inc. to change rates.

Q4. What is the purpose of your testimony?

A4. My testimony presents the Department's analysis regarding the financial soundness and stability of Comcast of Connecticut/Georgia/Massachusetts/New Hampshire/New York/North Carolina/Virginia/Vermont, LLC ("Comcast") generally and as it pertains to the proposed transaction in particular. I also discuss the experience and ability of Comcast to run and manage a cable TV system and the rates proposed to be charged by Comcast to customers.

Q5. Please describe your findings on the financial soundness and stability of Comcast and the proposed transaction as it relates to Commission Rule 8.214(B)(1).

A5. As the ultimate purchaser in this transaction, Comcast Corporation is a leading global media and technology company consisting of three primary businesses: Comcast Cable, NBCUniversal and Sky. Business segments include cable communications, cable networks, broadcast television, filmed entertainment, theme parks and Sky – one of Europe's leading entertainment companies. Some of the key highlights of Comcast

Corporation's publicly available Form 10-K for the Fiscal Period Ended December 31, 2019 in Exhibit DPS-SGW-2 include the following:

Market Capitalization	$204.3 billion
Revenue	$108.9 billion
Net Income	$ 13.1 billion
Net Cash Provided by Operating Activities	$ 25.7 billion
Capital Expenditures	$ 6.9 billion
Dividends Paid	$ 3.7 billion
Number of Customer Relationships	31.5 million

Given the terms of the Asset Purchase Agreement ("APA") executed between Comcast and Southern Vermont Cable Company ("SVCC") specifying a purchase price of [**BEGIN CONFIDENTIAL INFORMATION**] [**END CONFIDENTIAL INFORMATION**], the figures above indicate that Comcast Corporation has the financial scale and stability to complete the transaction successfully and make any required investments in SVCC's systems to ensure that the quality of service is competitive. Further, Mr. Glanville's testimony on page 19 indicates that Comcast will not need to obtain financing for this transaction.

Q6. Please explain Comcast's experience and ability to run and manage a cable TV system consistent with Commission Rule 8.214(B)(4).

A6. Comcast Corporation and its predecessor entities have developed, managed and operated cable systems since 1963. As of December 31, 2019, Comcast Corporation serves 26.4 million residential high-speed internet customers and 20.3 million residential video customers. Of these, it is estimated that Comcast has approximately 105,500 video customers in Vermont. The addition of SVCC's subscribers, estimated at about 2,450, would represent an increase of only 2.3% in Comcast's Vermont customer base.

Q7. Please describe the rates proposed to be charged to customers as it relates to Commission Rule 8.214(B)(5).

A7. SVCC and Comcast provided recent pricing schedules in Exhibit DMG-5A and Exhibit DMG-6A, respectively. SVCC's schedule is much simpler than Comcast's, which offers a significantly wider variety of service tiers, making direct comparisons somewhat difficult. With that said, I've chosen the following fees for comparison purposes:

Pricing Category	SVCC	Comcast	Difference
Basic Channels / Limited Basic	$ 21.95/mo.	$ 26.00/mo.	+$ 4.05/mo.
Standard Service / Digital Starter	$ 62.95/mo.	$ 67.27/mo.	+$ 4.32/mo.
Triple Play	$128.00/mo.	$129.99/mo.	+$ 1.99/mo.
Installation Charges	$ 45.00	$ 79.99	+$34.99
Hourly Labor Rate	$ 45.00	$ 50.00	+$ 5.00

The package prices offered by Comcast are not significantly higher than those offered by SVCC. Nonetheless, it may be prudent to give SVCC customers ample time to adjust to what will ultimately be higher rates.

Q8. Does this conclude your testimony?

A8. Yes.