



# Op-Ed : Comcast's commitment to Martha's Vineyard is stronger than ever

By Steve Hackley  
March 14, 2012

This paper has actively covered the cable license renewal negotiations between Comcast and the towns on Martha's Vineyard since those discussions started in early 2011, including the request of a small number of citizens to bring Comcast services to the island of Chappaquiddick, as a condition of a new agreement.

We should set forth a few facts to set the context. No one disputes that a \$2 million investment is required to build out the island of Chappaquiddick. Similarly, there is agreement that there are only about 500 homes on the island, and we understand that fewer than 20 percent of those homes are occupied on a year-round basis.

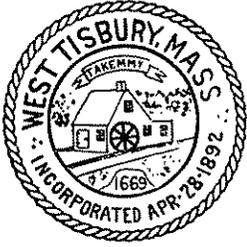
We think most observers would agree that a \$2 million capital investment for this buildout is financially questionable. Nevertheless, in view of the strong opinions expressed, Comcast's latest offer to the board of selectmen does provide several options to the selectmen for a buildout of Chappaquiddick. These types of options are quite common, and we have successfully worked with other communities facing similar desires and challenges, enabling us to serve additional homes we wouldn't otherwise have been able to connect to our network. So, at this point, it is essentially a matter of allocation of resources, and the decision whether to allocate the capital dollars available to a buildout of Chappaquiddick or to other pressing Island concerns is up to the selectmen.

Despite the disproportionate attention on Chappaquiddick, there are other important elements of the franchise agreement that positively impact all Islanders, including a generous financial package that includes franchise fees of approximately \$5 million and half a million dollars in capital payments. Comcast remains committed to delivering on its strong and proven track record of product innovation and community support on Martha's Vineyard. Our customers on Martha's Vineyard are at the forefront of the latest technology and product innovations, contributing to what the Massachusetts Department of Telecommunications and Cable has called "the highest concentration of broadband anywhere in the Commonwealth."

As the franchise renewal negotiations continue, they will undoubtedly be the focus of additional discussions and media attention. We hope the above helps residents understand

one of the topics being addressed, and reinforces Comcast's deep commitment to serving and supporting Martha's Vineyard.

*Steve Hackley is senior vice president of Comcast's Greater Boston Region.*



Town of West Tisbury  
Board of Selectmen  
West Tisbury, MA 02575

April 4, 2012

Mr. Stephen Hackley  
Senior Vice President  
Comcast Greater Boston Region  
330 Billerica Road  
Chelmsford, Massachusetts 01824

Dear Mr. Hackley;

The Martha's Vineyard Cable Advisory Committee would like to respond to your Op-Ed piece in the Martha's Vineyard Times of March 14, 2012 and letter to the editor in Vineyard Gazette of March 16, 2012.

You have stated:

"No one disputes that a \$2 million dollar investment is required to build out the island of Chappaquiddick."

The Cable Committee does, in fact, dispute this figure. In Comcast's October 8, 2009 letter to Edgartown, Comcast wrote "it was determined conservatively that the project would cost \$1.95 - \$2.15 Million Dollars, with almost half of that amount being the underwater crossing." NStar has installed the conduit for the crossing so clearly the cost is no longer \$2 million dollars to build out Chappaquiddick.

The Town of Edgartown has requested from Comcast any information that will back up this investment figure. To date, they have not received any response. This information should include: (i) Comcast's costs for using the NStar conduit; and (ii) a buildout sheet and plan showing the distances, densities and costs for building-out Chappaquiddick. Without this information Comcast can certainly not expect that anyone other than Comcast will contribute toward building Comcast's infrastructure, much less even be able to discuss the issue.

You went on to state:

“Similarly, there is agreement that there are only about 500 homes on the island, and we understand that fewer than 20 percent of those homes are occupied on a year-round basis.”

There are 522 dwelling units on Chappaquiddick. Additionally, even if the full time occupancy rate of Chappaquiddick is 20%, that does not mean, as you are aware, that Chappaquiddick would generate 20% of the average revenue on the Vineyard. Additionally, and importantly as it relates to Chappaquiddick, it has been stated by persons speaking on behalf of a leading group of Chappaquiddick residents, that residents would be willing to forgo seasonal rate.

Finally, you state:

“We think most observers would agree that a \$2 million capital investment for this buildout is financially questionable.”

Perhaps it’s not so obvious that a \$2 million capital investment to provide service to Chappaquiddick is such a bad idea for Comcast.

- (i) An average Comcast cable communications customer currently (4th quarter 2011) generates about \$1,695 in gross revenue per year for Comcast and about \$705 in operating cash flow (revenues less cash operating expenses). Further, such amounts have been growing at 5% to 10% per year for some time.
- (ii) To the extent construction to a new areas results in new customers, the operating cash flows from those new customers could be used by Comcast to support the financing of the necessary construction.
- (iii) While it is unclear how current Comcast customers on Martha’s Vineyard compare to Comcast’s overall averages (Comcast to-date has been unwilling to disclose the necessary local financial and statistical information), we note that, with growth, an average customer could generate a net operating cash flow of about \$9,000 - \$11,000 for Comcast over the next ten years and more in the years beyond. 522 customers, at 80% penetration could generate \$3.7 million to \$4.6 million in the next ten years.

The Cable Advisory Committee is united in their support for service to Chappaquiddick and look forward to coming to resolution with Comcast to get this done. Please feel free to contact me if you have any questions. (508) 696-0102 or [townadmin@westtisbury-ma.gov](mailto:townadmin@westtisbury-ma.gov)

Sincerely,



Jennifer Rand  
Chair, Cable Advisory Committee