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COMPTEL Urges FCC to Deny Comcast-Time Warner Cable Merger

Cites Acquisition's Negative Impact on Consumers and Competition

WASHINGTON, D.C. – COMPTEL, the leading trade association for the competitive communications industry, today filed a reply urging the Federal Communications Commission (FCC) to deny the Comcast-Time Warner Cable merger and describing several primary areas of anticompetitive concern with the merger as proposed. These include broadband access, availability of programming, choice and functionality in both streaming devices and set top boxes, and access to wholesale carrier services from the merged company.

“This merger would give Comcast the ability to stifle competition and restrict choice in the services residential consumers increasingly use to consume content: broadband access, online programming, set-top boxes and streaming devices,” said COMPTEL CEO Chip Pickering. “Americans want choice, diversity, and the innovation of an Internet-driven economy, but approving this merger as proposed would seriously jeopardize this result.”

While Comcast continues to insist that regulators only analyze the merger’s effect on local markets, COMPTEL’s brief makes clear that the markets for video programming through cable and the Internet, as well as those for streaming devices and set-top boxes, are in fact *national* markets. Moreover, the COMPTEL reply challenges a number of other Comcast arguments. For example: Comcast has argued that it has not violated the FCC’s no-blocking condition, despite the fact that Comcast has repeatedly and *is still* blocking its HBO customers from accessing HBO Go through certain devices.

COMPTEL’s brief warns the FCC of the proposed merger’s many consequences for technological innovation, competition and consumer choice, which include:

- **Less Access, Slower Speeds for Online Content:** Comcast has acknowledged to the FCC that it controls the “means of access for any and all of the Internet content” its customers want. And it has already demonstrated its willingness to use its bottleneck control to degrade streaming speeds and demand “access charges” from rival online content providers. With this merger, Comcast will have even more ability to degrade or block access to online video and other content for which its customers have paid.
- **Reduced Choice and Functionality in Streaming Devices:** Comcast has already violated the FCC’s no-blocking condition, which Comcast is obligated to follow as a result of its previous merger with NBCU, by preventing customers from accessing content they have paid for through popular streaming devices including Roku and Playstation 4. Post merger, this harm may be visited upon an additional 8 million customers who are currently able to enjoy such access as

customers of TWC and Charter.

- **Stifling Competition in the Set-Top Box Marketplace:** Although a revolution in device technology has the potential to make the traditional “cable box” a thing of the past, Comcast is poised to stop this innovation in its tracks by dominating the market through the deployment of its own box. Comcast will be able to impose its X1 platform as a closed industry standard—to be licensed and controlled by Comcast—and would have the power and incentive to use it to favor its own programming and content.
- **Constricting the Wholesale Market to Harm Competitors:** Comcast has failed to promise continued access (following expiration of current Time Warner Cable contracts) to the carrier wholesale market on which smaller providers rely as an alternative to incumbent telcos for crucial network inputs. Many small and medium-sized operators depend on the wholesale market to serve their customers. By refusing to provide access to them, Comcast could further increase its control over American cable and Internet service customers.

The FCC is currently reviewing the proposed acquisition along with the Department of Justice.

About COMPTTEL

Based in Washington, D.C., COMPTTEL is the leading industry association representing competitive communications service providers and their supplier partners. COMPTTEL members are entrepreneurial companies driving technological innovation and creating economic growth through competitive voice, video, and data offerings and the development and deployment of next-generation, IP-based networks and services. COMPTTEL advances its members' interests through trade shows, networking, education, and policy advocacy before Congress, the Federal Communications Commission and the courts. COMPTTEL works to ensure that competitive communications providers can continue to offer lower prices, better service, and greater innovation to consumers. For more information, visit www.comptel.org or follow us on Twitter @COMPTTEL.