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"Don't Comcast the Internet" Campaign Urges Regulators to Deny Comcast-Time Warner Cable Merger

Antitrust, technology experts warn of merger's anticompetitive impacts

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WASHINGTON—Three national associations, representing more than one thousand competitive video, Internet and voice services companies, announced on Monday the launch of "Don't Comcast the Internet", a business-driven campaign calling on federal regulators to deny the merger of Comcast and Time Warner Cable. Sponsored by COMPTEL, ITTA – the Voice of Mid-Size Communications Companies, and NTCA – The Rural Broadband Association—organizations made up of businesses that compete and do business with the merging companies—the campaign will mobilize businesses and other voices to urge the Department of Justice and Federal Communications Commission to protect competition, innovation and consumer choice by denying the transaction.

"This proposed merger would give a single company—Comcast—far too much control over our nation's video and broadband markets, and would threaten the very climate of Internet-enabled innovation that has driven our nation's growth and given consumers more choices than ever before," said Chip Pickering, CEO of COMPTEL. "The DOJ and FCC must deny this merger in order to preserve competition in these vital markets, and ensure that consumers continue to have the choice and diversity of content that the Internet brings."

The "Don't Comcast the Internet" campaign was unveiled Monday at 1776. Pickering said the campaign will include a new website (www.dontcomcasttheinternet.com), a vigorous media and advertising campaign including digital and social media platforms, as well as efforts to engage member companies and other businesses to ensure that policymakers who are reviewing the proposed merger hear from business and understand their very serious concerns.

A panel of leading antitrust and technology experts briefed reporters on the many anticompetitive consequences this merger would have for business and consumers alike. Concerns raised by the campaign include:

- **Comcast's "no overlap" argument for the merger is wrong.** Comcast continues to claim that because it and Time Warner Cable do not "overlap" (i.e. compete for retail customers) in any local market, there is no anticompetitive harm posed by the merger. This argument ignores both Comcast's past anticompetitive practices as well as basic economics. First, Comcast already has demonstrated a willingness to engage in a host of anticompetitive practices and, with even more market power in video and broadband post-merger, Comcast would have greater incentive and ability to expand such practices. Moreover, by Comcast's logic which has no limiting principle, it could consolidate all non-overlapping service providers into a single, nationwide monopoly that would control the cable and Internet choices for most Americans.

- **The merger would expand Comcast's bottleneck control over the Internet and restrict consumer choice online.** Comcast has used its gatekeeper control over broadband to favor its own content, harm rival online video providers and limit consumers' ability to enjoy content online. For instance, last year Comcast severely degraded its customers' broadband speeds for Netflix (as well as other content flowing over these networks) until Netflix agreed to pay an anticompetitive "access fee." By giving Comcast control over an additional 8 million customers' broadband connections, this merger would allow it to even further restrict the market for content providers and consumers' ability to access the content of their choosing.

- **The merger would give Comcast greater power and ability to restrict competition.** Comcast has already used its substantial market power—along with its massive programming holdings including its regional sports networks—to prevent other providers from acquiring must-have content and otherwise limit their ability to compete. For example, for years Comcast has refused to license local Philadelphia sports telecasts to DISH or DIRECTV, its only significant competitors in that metropolitan area. Similarly, Time Warner Cable, as the exclusive sales agent for the distribution rights for LA Dodgers games, has demanded such high rates for access to Dodgers telecasts that competitors in southern California have been unable to purchase the rights for their customers. This merger would give the new Comcast even more leverage to undermine its competitors and dictate the programming choices and pricing available to consumers.

- **This merger would limit choice and curb innovation in the set-top box and streaming device markets.** If the merger is approved, Comcast's dominance over the home video and broadband market would allow it to impose its own X1 set-top box platform as a closed industry standard. Comcast could exploit its ownership of the X1 to tilt the scales against rival set-top box providers and further limit the ability of consumers to use streaming devices that compete with its own X1—just as it already does by blocking HBO Go streams over certain third-party streaming devices.

"If this merger is approved, Comcast would gain greater ability and incentive to exercise its immense market power to control video markets, discriminate against competitive providers and block access to content on reasonable terms and conditions," said Shirley Bloomfield, CEO of NTCA-The Rural Broadband Association. "The proposed merger is especially threatening to the future viability of the hundreds of smaller video and broadband providers in NTCA's membership that currently provide these vital services to millions of households in some of the most remote and hard-to-serve rural communities throughout our nation."

In addition to representatives from COMPTEL, ITTA and NTCA, the experts participating in the briefing were: David Evans, PhD, Chairman of the Global Economics Group; Markham Cho Erickson, Partner at Steptoe & Johnson LLP; Nick Grossman, General Manager for Platform & Policy at Union Square Ventures; and Jeff Blattner, President of Legal Policy Solutions, PLLC.

"From blocking online content for consumers to limiting competitors' access to must-have video programming, Comcast already has shown that it is all too willing to use its power to restrict competition and choice," said Genny Morelli, President of ITTA. "This merger, if approved, would give Comcast unprecedented power to dictate terms to content providers. It would allow Comcast to engage in even more anticompetitive conduct, and on a far larger scale, which is why we are urging regulators to say no to this deal."

For more information on why federal regulators should deny the Comcast-Time Warner Cable merger, visit www.DontComcastTheInternet.com and follow us on Twitter @TogetherIsWorse.

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About COMPTEL: Based in Washington, D.C., COMPTEL is the leading industry association representing competitive communications service providers and their supplier partners. COMPTEL 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. COMPTEL advances its members' interests through trade shows, networking, education, and policy advocacy before Congress, the Federal Communications Commission and the courts. COMPTEL 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 @COMPTEL.

About ITTA: ITTA represents mid-size communications companies that provide a broad range of high-quality broadband, wireline and wireless voice, and video services to residential and business customers in predominantly rural areas across 45 states. ITTA serves as the preeminent advocate for mid-size companies before federal policymakers, in industry forums, and before the federal courts. ITTA's mission is to advance its members' interests by promoting public policies that encourage communications sector investment and create opportunities for ITTA members' continued business success. For more information, please visit www.itta.us.

About NTCA: NTCA-The Rural Broadband Association is the premier association representing nearly 900 independent, community-based telecommunications companies that are leading innovation in rural and small-town America. NTCA advocates on behalf of its members in the legislative and regulatory arenas, and it provides training and development; publications and industry events; and an array of employee benefit programs. In an era of exploding technology, deregulation and marketplace competition, NTCA's members are leading the IP evolution for rural consumers, delivering technologies that make rural communities vibrant places in which to live and do business. Because of their efforts, rural America is fertile ground for innovation in economic development and commerce, education, health care, government services, security and smart energy use. Visit us at www.ntca.org.