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VIA ECFS

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December 22, 2014

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th St., S.W.
Washington, DC 20554

RE: Notice of Ex Parte Communications
Cox Communications, Inc.
MB Docket No. 14-90

Dear Ms. Dortch:

On December 18, 2014, Barry Ohlson, Vice President of Regulatory Affairs of Cox Enterprises, Inc. (“CEI”), Jennifer Prime, Director of Regulatory Affairs for CEI, and the undersigned, met on behalf of Cox Communications, Inc. (“Cox”) with Robin Colwell, Chief of Staff for Commissioner Michael O’Reilly, regarding matters raised by Cox in the above-referenced docket.

In the meeting, Cox’s representatives reiterated the company’s position, described in its Petition to Condition Consent and its Reply to Joint Opposition, that the proposed merger of AT&T and DirecTV should be granted only subject to carefully crafted conditions designed to protect competition in the markets where the merged company will operate. We explained that the combination of AT&T and DirecTV will create a new company with unprecedented resources, diversity of service platforms, and household reach. In light of the potential threats to competition that the merged company will pose, Cox requested that the Commission adopt conditions on the merger as outlined in the attached presentation, a copy of which was provided to the participants in each of the meetings described above.

Pursuant to Section 1.1206(b)(2) of the Commission’s rules, 47 C.F.R. §1.1206(b)(2), a copy of this notice is being filed electronically and a copy is being provided to each of the Commission participants in the meetings.

Please inform the undersigned if you have any questions regarding these issues.

Sincerely,

/s/

Jason E. Rademacher
Counsel for Cox

Attachment

cc: Robin Colwell

COX COMMUNICATIONS, INC.

AT&T/DIRECTV MERGER PROCEEDING

MB DOCKET NO. 14-90

- Cox Communications, Inc. ("CCI") is seeking targeted conditions on the AT&T/DirecTV transaction to remedy a number of transaction-specific harms.
  - The merged company will control a troubling and unprecedented combination of wireline, wireless, and satellite assets.
  - The companies collectively report nearly 170 million unique customers and are capable of serving hundreds of millions more.
  - The narrow conditions CCI seeks are designed to ensure that: (1) the merged AT&T/DirecTV is required to compete on a fair and level regulatory playing field compared to its smaller competitors; and (2) the FCC places strict limits on the merged company's ability to use its nationwide scale and massive size to engage in unfair competitive practices.

- ***Proposed Conditions***
  - The FCC should adopt conditions that eliminate all regulatory advantages AT&T and DirecTV have enjoyed as putative upstart competitors to established rivals.
    1. **Section 628**: The FCC should confirm that AT&T/DirecTV will be subject to the full range of restrictions under Section 628 of the Communications Act and the FCC's program access and unfair competition rules, including the prohibition against exclusive agreements to serve multiple dwelling unit environments ("MDUs").
    2. **Basic Service Tier**: AT&T/DirecTV should be required to comply with the same basic service tier requirements that currently apply to cable operators. Subjecting much smaller cable operators to these rules while permitting a company of AT&T/DirecTV's size and unmatched resources to be free of these regulations is illogical policy and a bad result for both competition and consumers.
  - The FCC should adopt targeted conditions that counteract AT&T/DirecTV's opportunities and incentives to engage in unfair competition.
    1. **Exclusive Programming Agreements**: AT&T/DirecTV's avowed intention to rely on exclusive programming to make the merger profitable will damage the video programming market.
       - i. The merged company's unmatched resources would give it the ability to monopolize programming inputs; and
       - ii. Historically AT&T has fiercely opposed exclusive programming arrangements entered into by other video providers as unfair anti-competitive practices and has flip-flopped only recently on this issue.
    2. **Volume Discounts**: The merged entity should be prohibited from entering into programming agreements that include excessive volume discounts.
       - i. AT&T/DirecTV claims that it will save 20% on its programming costs, which will force programmers to recover lost revenues from smaller competitors.
       - ii. The FCC should limit the extent of volume discounts that AT&T/DirecTV can demand from programmers to rein in unfair competitive advantages against smaller rivals

3. **Bundled Services**

i. **Interconnection**: AT&T/DirecTV will have unfair competitive advantages in the bundled services market resulting from its control of the largest wireline and data network.

   - If AT&T/DirecTV interferes with competitors' ability to interconnect with AT&T/DirecTV's network, competitors will be unable to offer competing bundles of video, voice, and data service.
   - Competitive telephone carriers should be able to interconnect with AT&T's legacy wireline telephone network regardless of whether AT&T continues to employ traditional TDM technology or transitions its network to IP delivery.

ii. **Diplexer**: The merged company should not be able to commandeer cable wiring in MDUs and to employ technologies that preclude competitors from using that wire to provide stand-alone broadband services (diplexer).

   - DirecTV currently employs practices that thwart broadband service to MDU customers that wish to receive Cox stand-alone high speed data service
   - AT&T/DirecTV must either employ technologies that can successfully coexist or run their own wiring to new customer units