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Committee on Appropriations

Subcommittees:

Agriculture, Rural Development, and Related Agencies

Interior, Environment, and Related Agencies

Chellie Pingree
Congress of the United States
1st District, Maine

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March 5, 2014

The Honorable Eric Holder
Attorney General
U.S. Department of Justice
950 Pennsylvania Ave NW
Washington, DC 20530

The Honorable Tom Wheeler
Chairman
Federal Communications Commission
445 12th St SW
Washington, DC 20554

Dear Attorney General Holder and Chairman Wheeler,



I write to ask that you block the proposed merger of Comcast and Time Warner Cable. The proposed merger would allow the new Comcast to control more than a third of the U.S. cable TV market and more than half of the U.S. bundled services for video, voice and Internet service. The anti-competitive effect of such a large player in the market for both cable television and the future of a free and open Internet seems obvious, and the public interest in affordable cable prices and an Internet that is fully open to innovation requires disapproval of this deal.



The merger will likely lead to accelerated growth in cable rates. Cable TV rates are already higher than ever, and consumers have little to no choice between providers. According to the most recent Federal Communications Commission (FCC) Annual Report on Cable Industry Prices, the average price for a cable package increased 4.8% compared to a 2.9% increase in the Consumer Price Index (CPI) over the same period.[1] The FCC found that prices for expanded basic cable service increased at a average growth rate of 6.1% from 1995-2012, while the CPI increased at 2.4% over the same period.

In addition, the proposed merger could jeopardize the public's interest in a free and open Internet. The Internet continues to provide a fertile environment for commerce and innovation. Access to broadband should not be jeopardized by further market concentration in an entity that not only has a last-mile monopoly in large swaths of the country, but also has control over must-have broadcast content. Although it is reassuring that Comcast is subject to the current "net neutrality" rules through 2018 as a condition of its 2011 merger with NBC-Universal, these conditions are not a substitute for a truly competitive marketplace that allows competitors, especially competing video content providers, access to their customers through a free and open Internet. In fact, we've already seen deals between Comcast and over-the-top providers of streaming video content who rely on Comcast to access their customers agreeing to pay Comcast for a guaranteed level of service on a competing product. The proposed transaction will further

[1] FCC Report on Cable Industry Prices, MM Docket No. 92-266, June 7, 2013.

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increase the leverage Comcast has in changing the balance of power in the video delivery market.

I am also very concerned about Comcast's market power in the video distribution market in the context of our antitrust laws. The purpose of our antitrust laws is the prevention of behavior that tends to destroy competition in a given market. The most robust source of competition for these cable companies comes from over-the-top providers as an increasing number of consumers are "cutting the cord" and watching TV programming via the Internet. Now that over-the-top providers will be forced to pay Comcast for access to a market they were able to reach freely through their own innovations and ingenuity, new entrants to that market will face much higher barriers to entry. Other established video delivery services will also likely be forced to pay Comcast to access customer bases they've built on a previously level playing field. In addition, any new entrants will face a new and significant barrier to market access. Comcast's consolidated market power in online video distribution after this merger represents just the type of failure of competition that our antitrust laws are intended to prevent, and I am very concerned that the proposed merger will have the effect of destroying the free and open competition that, until now, has defined online video distribution.

In the end, a merger between Comcast and Time Warner will lead to higher rates, less competition and a loss of innovation and choice in programming. In short, it will be bad for the American consumer and this merger should not be allowed to go through.

I trust that you and your staffs will provide exacting scrutiny of this proposed merger, and, in accordance with all applicable rules, I urge you to fully consider the views expressed here during the course of your examination. If you have any questions, need clarification or additional resources, please don't hesitate to reach out to me or my staff.

Thank you for your attention to these views.

Sincerely,

Chellie Pingree
Member of Congress