

**FCC MEDIA BUREAU'S PUBLIC FORUM TO DISCUSS
THE PROPOSED COMCAST/NBCU/GE JOINT VENTURE**

**Statement of Colleen Abdoulah
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Thank you. I appreciate being able to represent WOW Internet, Cable & Phone to discuss our concerns with the proposed Comcast /NBC Universal joint venture. We have the experience and history to say that the Commission must impose robust, complete and long-lasting conditions on this deal, or else it will result in material harm to consumers and competition.

WOW provides residential services to over 460,000 customers in five Midwest markets, including 22 communities in the Chicago metro area. We face fierce competition in all of our markets, and 66 percent of all our video customers today are passed by Comcast, whom we compete against in Illinois and Michigan. We know first-hand the benefit to customers of choice and are proud of our record in bringing competition to the cable and broadband marketplace.

We are here today as a buyer of programming, both cable and on-line. If Comcast and NBCU are permitted to combine, they will gain significantly more market power in the programming market, and use this power to otherwise harm purchasers such as WOW, our customers, and overall competition.

We are not here as a passive competitor seeking exceptions or special advantages. We know how to compete by differentiating ourselves with a customer-centric experience. Customers rated us the #1 Cable, Internet and Phone provider in Consumer Reports and have recognized us with 10 JD Power awards in 7 years. But, in order for us to continue to compete by providing customers with a choice, we must have access to programming at fair rates. Unfortunately, that often does not occur today, and the proposed combination of Comcast and NBCU will make a bad situation much worse.

An example will help clarify what I'm referring to: In Illinois, we negotiate with Comcast for the regional sports network. We also negotiate separately with NBCU for its local broadcast station and its suite of popular national cable networks. For WOW, all of this programming is "must have." If we lost access to any of these channels or blocks of channels, our customers would leave us in significant numbers. So owners of this content have considerable market power in negotiations with us.

Post-merger, rather than engage in separate negotiations, we would be dealing with one consolidated programming entity which controls multiple blocks of “must have” content. This would give Comcast-NBCU even greater and, in fact, unprecedented leverage to extract higher fees from operators and consumers than either entity would have absent the deal.

I am not assuming this. I know it because it happens today. WOW operates in a TV market where one broadcaster owns the local ABC affiliate, and also controls the operations of another broadcaster’s FOX affiliate. Because the broadcaster controls two “must have” programming channels in the same market, it has more market power than either company would possess separately. As a result, this broadcaster can extract higher fees than other broadcasters we deal with who negotiate on behalf of only one station per market. This is exactly what will happen if Comcast is permitted to combine its programming with NBCU’s without adequate conditions.

Cable operators like WOW, who serve Chicago and dozens of other communities, will be charged higher prices for all of Comcast-NBCU’s programming, and these costs will end up being passed along to our customers in Chicago and elsewhere. This harms consumers, who will lose out on the benefits of a more competitive market.

I expect companies to compete on their own merits. Yet WOW and other operators who not only buy Comcast programming but also compete head-to head against their cable systems know there is another serious concern. If the deal is approved without adequate conditions, Comcast will have greater incentive and ability to deny access and charge higher fees to WOW for NBCU’s broadcast stations and national cable networks, knowing that our customers could become theirs.

These harms also flow to online distribution. We are concerned that Comcast will not grant us the rights to allow our customers to view combined Comcast-NBCU programming online.

Earlier this year, WOW experienced problems with initiating our own version of Comcast’s online XFINITY TV service because we were unable to obtain content from Comcast and other content providers who had already struck deals with Comcast for XFINITY.

This occurred despite the fact that Comcast claims the content used in its online service is non-exclusive. Since raising the issue at Congressional hearings, we have since been approached by Comcast about acquiring the online rights to its content. However, we are still not certain that these rights will be made available to WOW, and, if we do obtain these rights, whether they will be granted on a non-discriminatory basis.

In defense of these concerns, Comcast has offered to abide by the extremely flawed program access rules that exist today. This concession is weak at best and demonstrates that Comcast

recognizes that there are legitimate harms arising from this deal; but in actuality, it does not seem to want to effectively address them.

The program access rules are flawed because they were intended to address anticompetitive problems resulting from cable operators owning cable programming. They do not address the increase in market power that will result by combining ownership of Chicago's NBC station, Comcast's RSN and NBCU's suite of national cable programming. This is a problem where a remedy is desperately needed.

Comcast's current concessions are meaningless because the program access rules fail to remedy abuses today. They provide no real assurance of access on complete terms and conditions. For example, the program access rules:

- 1) Provide no effective restraint on unfair quantity discounts;
- 2) Provide no automatic right to continued carriage of programming while a complaint is pending;
- 3) Do not address arbitrary internal transfer pricing; and
- 4) May not apply to online distribution of programming

The FCC's current baseball-style arbitration process is not a viable remedy for mergers with vertical integration problems. Programmers like Comcast, who have been subject to this condition, have found ways to beat the system.

When we were unable to negotiate a fair/reasonable rate increase for Comcast's RSN, WOW considered using the arbitration process imposed on Comcast in the Adelphia order. We discovered the cost to begin the arbitration process was close to the amount of the increase Comcast was demanding; that, along with the time/resources it would take for the process to finish, it would be of no help in the dispute. In the end, we had no choice but to 'eat' the enormous rate increase. So, the arbitration process, as it stands today, essentially gives us a right without a remedy.

In closing, Wow believes in competition. And, because there are substantial harms that flow from this deal, if approved, the government must impose robust, compete and long-lasting behavioral and/or structural relief. The goal must be three fold: protect consumers from rising prices and/or denied access to programming; ensure that competitors are not squeezed out, and set a positive precedent for future mergers of this type.