THE COMCAST-TIME WARNER CABLE MERGER

THE IMPACT ON CALIFORNIANS

On February 13, 2014, Comcast, the largest multichannel video programming distributor (MVPD) and Internet service provider (ISP) in the US, announced its intent to acquire Time Warner Cable, the 4th largest MVPD and 2nd largest ISP in the country, for $45.2 billion. In a related transaction, Comcast and Charter have agreed to exchange cable systems in certain markets, including those in California. If these transactions are approved, Comcast will control 30% of the MVPD market and more than 50% of high-speed broadband connections nationally and reach **84%** of CA households.

CONSEQUENCES FOR CALIFORNIA

These transactions could be harmful to Californians because they may lead to higher priced cable and broadband services, increased control over programming for Latino audiences, reduced investment in programming, less access to local sports teams and the extension of anti-competitive network management practices across a greater share of the market.

Consumers

- Higher prices for cable service because the average price for Comcast cable packages is higher than packages with similar numbers of channels from AT&T, DirecTV, DISH, Verizon FIOS, and Time Warner Cable.
- Higher prices for broadband service because Comcast's service is more expensive than TWC's across 3 speed tiers.
- More restrictive practices such as the implementation of usage-based billing (data caps) for all Internet subscribers within 5 years and authentication policies that limit consumer choice.
- Californians will have little choice but to accept these practices because for **70%** of residents in Comcast's post-merger footprint, Comcast will be the only choice for Internet service at the benchmark speed of 25 Mbps or higher.

Latinos

- Nationwide, Comcast will reach markets where 90% of Latino households are located, including Los Angeles, the top Latino media market in the US.
- This unprecedented level of control will give Comcast the power to determine the success or failure of Latino-focused programming.
  - Comcast has the incentive to favor its affiliated, Spanish-language networks over independently-owned networks serving the needs and interests of all parts of the Latino community.

Content Creators

- Comcast has reported that it expects this transaction will allow it to reduce costs by *at least* $1.5 billion over the first three years and then $1.5 billion each year thereafter. Some portion of the cost savings will come from reductions to affiliate fees paid to television networks, the impact of which will be less investment in programming and potentially fewer entertainment industry jobs in CA.

- Comcast's anti-competitive practices, including paid interconnection and usage-based billing, could limit the potential of the online video market, which has helped drive Hollywood employment to its highest level in a decade.

Sports Fans

- Sports fans can expect to pay higher prices to watch their local team on television or see fewer games.
- Research has found that when a cable company owns a regional sports network (RSN), prices go up and availability goes down; this dynamic increases as a company gets larger, as Comcast will do in Southern California.
- With estimated affiliate fees of $4-$5 a month, SportsNetLA is one of the most expensive RSNs in the country. As a result, 70% of Angelenos do not have access to the Dodgers channel this season. This situation will only get worse if the transactions are approved.

ABOUT THE COMPANIES

	Comcast	Time Warner Cable
Cable	22 million subscribers	11 million subscribers
Broadband	22 million subscribers	12.2 million subscribers
VOIP (Voice over Internet Protocol)	10.7 million subscribers	4.8 million subscribers
Content Ownership	2 Broadcast Networks (NBC and Telemundo), 27 broadcast stations, 12 RSNs, 16 basic cable networks, 33% of Hulu	Time Warner Cable SportsNet (Lakers), Time Warner Cable Deportes, and SportsNetLA (TWC handles affiliate sales)

STATUS OF REGULATORY REVIEW

- Federal Communications Commission: The Commission's 180-day review is set to conclude in April 2015; however, the process could extend to early summer.

- California Public Utilities Commission: A proposed decision approving the merger has been circulated and a proposed alternate decision denying the merger outright from Commissioner Florio was released on April 10.

WHO WE ARE

Common Cause — Holding Power Accountable
Courage Campaign
Consumers Union — Policy & Action from Consumer Reports
entravision
estrellaTV
The Greenlining Institute
los angeles latino chamber of commerce
Media Alliance
presente.org
TURN — The Utility Reform Network — Lower bills. Livable planet.
WCVI
WGAW — Writers Guild of America, West