



THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, NY 10007

October 29, 2014

The Honorable Thomas Wheeler
Chairman
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Dear Chairman Wheeler:

New York City occupies a unique place in the nation's media and technology markets. Our global city is home to 29 multi-billion dollar media companies—more than any other city in the nation.¹ And it is the country's second largest tech hub. These facts, in conjunction with our longstanding role as a site for cutting-edge cultural production and distribution, give us a keen interest in developments that influence what Americans see, hear and create.

As such, we have raised concerns regarding a number of the issues currently before the Federal Communications Commission ("FCC" or "Commission"). Alone and in conjunction with other local chief executives, the City has put forward recommendations related to Net Neutrality and the proposed merger of Time Warner Cable ("TWC") and Comcast, among other issues. In a year that has seen high levels of public engagement in FCC decisionmaking, the merger has generated particular interest. We appreciate the Commission's recognition of the elevated level of public concern with respect to the merger and its extension of the opportunity for comment in response.

The City has already submitted extensive comments suggesting public interest standards by which the contemplated transaction should be assessed. We now submit for the Commission's consideration these Responses, which focus largely on the concerns of New York City media, technology and advertising sector leaders with respect to the transaction.

I. The Contemplated Merger Raises Concerns About the Quality of Business Service

In the weeks since our initial submission to the Commission, we have heard from a number of New Yorkers about their continuing concern regarding the merger. This has included questions raised by leaders in the City's technology sector, which represents a significant and growing portion of our local economy. The City is home to an estimated 7,000 high-tech firms

¹ See New York City Economic Development Corporation, "Media and Emerging Tech," <http://www.nycedc.com/industry/media-emerging-tech>.

ranging from large, longstanding operators to small start-ups. This includes companies that are engaged in digital media, such as Internet publishing and broadcasting, Internet searches and other web-related services. These firms accounted for 15% of jobs in the sector—jobs that more than tripled during the economic recovery.²

For the tech sector, access to affordable broadband is essential. Seamless day-to-day operation requires dependable, high-speed service, and companies must have options for redundancy in the case of service interruptions. With an eye to these issues, tech sector leaders have raised questions—consistent with those in our initial submission—about the impact of the contemplated merger on business service prices and the effect of potential rate increases on operating costs. In addition, leaders have expressed concern that as Comcast acquires even greater market share, it will have reduced incentive to respond to customer concerns, such as those relating to discrepancies between promised and delivered bandwidth. This is alarming given both Comcast’s and Time Warner Cable’s already poor customer satisfaction ratings.

II. The Proposed Transaction Poses a Threat to Net Neutrality and Innovation

The City is also concerned about the impact of the contemplated transaction on Net Neutrality. Constituents of varying backgrounds have voiced fears that as Comcast assumes control of an estimated 40% of the national broadband market, it will come to exert unprecedented influence over what Americans are able to create, distribute and access online.

This is of particular interest to the City’s tech creators and innovators, who recognize that access to a free and open Internet is essential to their success. With greater market share, Comcast will have increased power over the distribution of content. This power may be exercised, for example, through “paid prioritization” agreements allowing the company to expedite online content produced by providers who are willing to pay additional fees. This concern with the impact of the proposed merger on Net Neutrality is echoed by individuals and organizations across the City—whether they are generators or purveyors of vast quantities of news, educational or entertainment content or individuals who utilize the Internet as a platform for personal development and expression. These concerns are as important to those who have constructed entire business models around a free and open Internet as they are to New Yorkers who are only able to access the web for limited periods at local public libraries or school computer labs.

III. The Proposed Merger Threatens to Give Comcast Disproportionate Influence Over Cable Advertising

The merger has even broader implications for what New Yorkers see and hear. The transaction threatens not only to give Comcast unprecedented influence over broadband, but also to vastly expand the company’s influence over cable advertising. If the merger is approved, Comcast will enjoy 80% control of National Cable Communications (“NCC”), the firm through which all national cable advertising is placed. Comcast will also control 72% of the top 25 “interconnects” through which regional advertising is placed and local cable advertising going

² See Office of the New York State Comptroller, “New York City’s Growing High-Tech Industry” 1-2 (April 2014) available at <http://www.osc.state.ny.us/osdc/rpt2-2015.pdf>.

into up to 71% of homes.³ This extreme degree of consolidation threatens to make it more difficult and expensive for area businesses to secure local advertising opportunities that are essential to their success.

The City urges the Commission, in evaluating the impact of the proposed merger on the public interest, to weigh the questions of affordability, rate transparency, infrastructure quality and customer service raised in our initial comments. However, we also encourage the FCC to consider the impact of the proposed merger on New York City businesses—whether long-standing enterprises or newer tech start-ups. The centrality of broadband to the City’s economy and to New Yorkers’ civic and cultural lives will only increase in coming years. As such, the decisions that are made at this juncture will have far-reaching impacts. We thank the Commission for the opportunity to participate in this important public conversation.

Sincerely,

A handwritten signature in black ink that reads "Bill de Blasio". The signature is written in a cursive, slightly slanted style.

Bill de Blasio
Mayor

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³ See Comments of Mark Lieberman, Viamedia in the Matter of Applications of Comcast Corporation, Time Warner Cable Inc., Charter Communications, Inc., and Spinco To Assign and Transfer Control of FCC Licenses and Other Authorizations (Aug. 25, 2014).