

An Open Letter to Mayors, City and County Executives, and Local Franchising Authorities Regarding the Sale of the Adelphia Corporation to Comcast and Time Warner Cable:

As organizations extremely concerned about both the dangerous concentration of America's electronic media and excessively high rates for cable television and broadband Internet access, we ask you to join us in opposing the sale of Adelphia Corporation's cable systems to Comcast and Time Warner Cable and the transfer of local Adelphia cable franchises to those companies. A sale of Adelphia to these companies would not be in the public interest or in the interest of your constituents and local community members.

Comcast and Time Warner are, respectively, the country's two largest owners of cable systems. Comcast is the largest cable operator in America, serving 21.5 million cable homes, or nearly 30 percent of American homes subscribing to cable. It is also the nation's largest provider of broadband Internet access. If the Adelphia purchase is approved, Comcast will grow by two million homes to 23.5 million. While Time Warner Cable serves fewer American cable homes than Comcast, it is controlled by Time Warner, one of the world's largest media content creators, an owner of a broadcast network (WB) and multiple cable channels (CNN, TBS, TNT, HBO, etc.), and, through its AOL and Road Runner units, the nation's largest Internet service provider.

By virtue of this concentrated ownership and power, Comcast and Time Warner Cable each possess unacceptable "gatekeeper" power to restrict which television channels Americans receive on television, as well as the content on those channels, whether they are Comcast and Time Warner Cable subscribers or not. They also possess tremendous power to charge rates for cable subscriptions that increase annually far in excess of the increase in inflation.

In addition, by virtue of their control over Internet access, particularly broadband Internet access, these conglomerates have the power to turn the open and vibrant Internet we know today into a "closed" system under their control, preventing their customers, who may not have another broadband Internet service option, from freely accessing the websites they want at the time they choose. As is true of cable television service, their immense nationwide scale, combined with their local monopoly or oligopoly position in the provision of broadband Internet access, give them power to charge excessively high rates for this increasingly necessary service.

Every American citizen, including those in your local communities, has a First Amendment right to a media that provides "an uninhibited marketplace of ideas in which truth will prevail;" "suitable access to social, political, esthetic, moral and other ideas and experiences;" and, "the widest possible dissemination of information from diverse and antagonistic sources." In terms of constricted and excessively costly access to both television and the Internet, the sale of Adelphia to Comcast and Time Warner Cable would infringe on all these First Amendment rights.

To protect the public's rights to a healthy, diverse, and vigorous media, we will demand the strictest legal and regulatory scrutiny of a sale of Adelphia to Comcast and Time Warner Cable, challenging it in the strongest possible terms at the federal and state levels,

as well as with Local Franchising Authorities (LFA's) in each of the Adelphia markets being transferred to one of these two cable, media, and Internet goliaths.

By this letter, we also call on you, the local elected and appointed representatives of the citizens and consumers of your communities, to join us in opposing the sale of Adelphia to Comcast and Time Warner Cable and the potential transfer of control of Adelphia franchises in your local communities to these companies.

We look forward to working with you in this important fight to bring the best and most diverse media possible, at the lowest possible cost, with the highest quality service, to your citizens, as well as the entire American public.

Should you wish to discuss this further, please do not hesitate to contact one of the groups signed below.

Sincerely,

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Why Your Community Should Oppose the Sale and Transfer of Adelphia Franchises to Comcast and Time Warner Cable

- Comcast is the largest cable operator in America, serving 21.5 million cable homes, or nearly 30 percent of American homes subscribing to cable. If the Adelphia purchase is approved, Comcast will grow by two million homes to 23.5 million.
- Time Warner Cable (TWC) is the second largest cable operator in America. While TWC serves fewer cable homes than Comcast, it is controlled by Time Warner, one of the world's largest media content creators, an owner of a broadcast network (WB) and multiple cable channels (CNN, TBS, TNT, HBO, etc).
- By virtue of their joint control over the nation's cable television homes, Comcast and TWC each possess unacceptable "gatekeeper" power to dictate which television channels Americans receive, as well as the content on those channels, whether they are Comcast and Time Warner Cable subscribers or not. Says cable tycoon John Malone: "I don't believe that an independent programmer has any chance whatsoever... There's no way on earth that you can be successful in the U.S. distributing a channel that Brian Roberts (CEO of Comcast) doesn't carry, particularly if he has one that competes with it."
- Comcast and TWC's monthly fees increase annually far in excess of the increase in inflation. A 2004 study by the Consumer Federation of America (CFA) found that Comcast's rates have increased by 50 percent – almost three times the pace of inflation – since the Telecommunications Act of 1996. To increase its profits, Comcast forces customers to pay for channels they don't want. Despite the fact that the CFA found that nearly 80 percent of Comcast's customers wouldn't pay for ESPN if they didn't have to, the company refuses to allow customers the option to choose the channels they wish to have in their home and keep out the channels they don't want.
- Comcast is the nation's largest broadband Internet service provider. It refuses to allow competing national and local Internet service providers, such as Earthlink, to use its broadband cable to provide Internet access, a practice ruled illegal by the U.S. Court of Appeals for the Ninth Circuit in the *Brand X* case, presently on appeal to the U.S. Supreme Court. Comcast's refusal to allow competitors to access its broadband cable gives it power to dictate which sites its consumers can access and to divert customers to sites that Comcast has an economic interest in. Regardless of the outcome of its appeal, the sheer number of Americans who have little or no alternative to Comcast for broadband Internet service gives it an unacceptable power over the American public's Internet and media choices.

- TWC, through its AOL and Road Runner units, is the nation's largest Internet service provider. While it presently allows other broadband Internet service providers to access its broadband cable, it does so only because the Federal Trade Commission requires it to – a public interest condition of the approval of the 2001 AOL/Time Warner merger. Time Warner Cable is now appealing that condition of open access – a telling commentary on that company's commitment to the public interest.
- Comcast has the worst customer satisfaction rating of any company or government agency in the country, including the Internal Revenue Service, according to a 2004 American Customer Satisfaction Index survey. According to a recent article in the *San Francisco Bay Guardian*, searching Google using the keywords "Comcast" and "hate" generated 339,000 hits.
- The city of Philadelphia, Comcast's corporate headquarters, is building its own wireless broadband network to provide better broadband Internet access to its citizens at a reasonable cost. This speaks volumes.
- Comcast is the "Wal-Mart of the telecommunications industry" in terms of its labor relations. A recent study by American Rights at Work, titled "No Bargain: Comcast and the Future of Workers' Rights in Telecommunications," is highly critical of the company's labor relations, citing poor pay and union-busting tactics. According to the report, pay is "approximately one-third lower than the unionized telephone companies" while employee "turnover and the use of temporary workers ... are twice as high as the telephone industry average.... Only one in four locations where a union exists have been able to obtain a collective bargaining agreement."
- Comcast has taken an extremely confrontational and difficult stance with local communities in franchise-renewal negotiations. In 2003, Comcast sued the city of San Jose during negotiations over its local franchise agreement, arguing the process violated the company's First Amendment rights. Comcast lost this dubious argument in the lower courts, but is now appealing the decision. Meanwhile, San Jose has been without a franchise agreement with Comcast for seven years.

Given these facts, are Comcast and Time Warner Cable truly the best companies to take control of your local Adelphia cable franchise?