

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Applications for Consent to the)	
Transfer of Control of Licenses)	MB Docket No. 02-70
)	
From)	
)	
Comcast Corporation and AT&T Corp.,)	
Transferors,)	
)	
To)	
)	
AT&T Comcast Corporation,)	
Transferee)	

**COMMENTS OF CAPNET IN SUPPORT
OF PROPOSED MERGER**

In response to the Commission’s request for comments on the proposed merger of Comcast Corporation (“Comcast”) and AT&T Broadband (“AT&T”),¹ CapNet hereby expresses its strong and enthusiastic support for the merger. Comcast’s commitment to the widespread deployment of broadband services has been abundantly demonstrated in the Washington, D.C. metropolitan area, as well as elsewhere, and the merger will accelerate the upgrading of AT&T’s cable systems to speed broadband deployment in communities across the country. The merger will also spur much-needed, facilities-based competition for telephone services. The merger therefore should be approved.

¹ “AT&T Corp. and Comcast Corp. Seek FCC Consent for a Proposed Transfer of Control, MM Docket No. 02-70,” DA 02-733 (Mar. 29, 2002).

Interest of CapNet

CapNet is a bipartisan, membership-driven advocacy initiative of the national and Greater Washington technology communities. CapNet's goals include serving as the technology industry's gateway for information and activity on Capitol Hill, connecting federal policy makers with industry leaders to reinforce the accomplishments and importance, both nationally and globally, of the high-tech industry, and improving communication and understanding among legislators and public officials of the issues that affect growth of technology-based industries. CapNet is a strong proponent of promoting broadband access for both consumers and businesses globally. High-speed Internet access has the potential to greatly change the ways in which we work, play, and learn. CapNet advocates broadband policies that encourage investment, increase the potential for greater innovation, and improve products and services for consumers. Investment is crucial because it is the foundation for innovation, which leads to improvement of existing products and services and the development and deployment of new ones. Competition is valuable because it leads to lower prices, higher quality, and more choices for consumers.

CapNet is working to ensure that broadband deployment is timely, that industry competes fairly, and that service is provided to all sectors and geographical locations of American society. Insofar as possible, broadband services should be available and affordable in a timely manner to all Americans who want them.

Merger Analysis

Given the objectives and values just described, CapNet's interest in the Comcast/AT&T merger is obvious. At its heart, this merger is about promoting broadband access for consumers. It will stimulate investment and innovation and competition.

Comcast has an admirable record of making broadband services available to consumers. As the parties' public interest statement demonstrates, Comcast has expended over \$5 billion since passage of the Telecommunications Act of 1996 to rebuild and upgrade its systems and now serves more than 95% of its customers with systems having at least 550 MHz of bandwidth.² Comcast High-Speed Internet Service is now available to over 10 million households.³

Comcast's commitment to broadband has been especially visible in the Washington, D.C. cable system, which is being entirely rebuilt. The first section of the rebuild to have been completed and made operational is in Anacostia. And the company has demonstrated significant leadership in providing training for teachers in the use of Internet tools.⁴

One significant benefit of this merger is that it will accelerate the upgrade of the systems currently owned by AT&T. According to the parties, AT&T's broadband deployment has been delayed due to rising capital costs and a significant debt load.⁵ The improved balance sheet of the merged company will facilitate access to the capital needed to upgrade the AT&T systems. Thus, the merger will accelerate the delivery of broadband services to large numbers of Americans.

The merger will also offer benefits in terms of spreading competition in telephone services. For too long, Americans have lacked the competitive choices in telephone services that

² Description of Transactions, Public Interest Showing, and Related Demonstrations, at 10, MB Docket No. 02-52 (Feb. 28, 2002) ("Public Interest Statement"). More than 80% of Comcast's customers are served by systems with bandwidth of 750 MHz or greater. *Id.*

³ Public Interest Statement at 12.

⁴ See, e.g., "The Comcast Foundation and Cable in the Classroom to Announce \$100,000 Commitment To Expand the Comcast Technology Academy Across the Washington and Virginia Region," Press Release (Nov. 28, 2001).

the Telecommunications Act of 1996 was intended to promote. AT&T is an industry leader in offering residential telephone services over the cable plant, with over one million customers and the service available to approximately seven million households.⁶ Comcast, by contrast, currently offers telephone service only on a small scale, but AT&T's "experience and expertise in the design, roll-out, provisioning, operations, and marketing of cable telephony" can be applied to Comcast's cable systems – thereby expanding long-overdue telephone competition "more quickly, at less expense, and in a more customer-friendly manner."⁷ The availability of this option along with video and high-speed Internet services may further stimulate consumer demand for broadband services (even where they are already available).

Against these and other benefits likely to result from the merger, the Commission must of course balance any offsetting "harms" to the public interest. CapNet perceives none. The simple fact is that AT&T provides its broadband services in certain geographic areas, while Comcast's broadband services are offered in different geographic areas. Thus, the merger cannot reduce the competitive choices available to consumers in any given market. There is no reduction in competition, only the increased competition resulting from system upgrades, the availability of new services on upgraded systems, and Comcast's exploitation of AT&T telephone expertise.

⁵ Public Interest Statement at 30.

⁶ Public Interest Statement at 23.

⁷ Public Interest Statement at 38.

Conclusion

CapNet therefore supports the merger of Comcast and AT&T's cable assets and urges the Commission to give this transaction its prompt and enthusiastic approval.

Respectfully submitted,

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