

**TESTIMONY OF
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**BEFORE THE
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON ENERGY AND COMMERCE
SUBCOMMITTEE ON TELECOMMUNICATIONS AND THE INTERNET**

***How Internet Protocol-Enabled Services Are Changing the Face of Communications:
A Look at Video and Data Services***

APRIL 20, 2005

Good morning, Mr. Chairman and Members of the Committee.

Comcast's Chairman and CEO Brian Roberts tells the story of two conversations he had with Bill Gates of Microsoft that represented turning points for our company.

The first was in 1997, when Mr. Gates agreed to invest a billion dollars in Comcast to help jump-start our industry after a severe downturn.

The second was in early 2002, at the Consumer Electronics Show. Mr. Gates said he was more excited than ever about the potential of the cable industry to bring new services to America because of "IP." The next day, Brian returned to Philadelphia, called in his engineers and said, "What's this IP that Bill was talking about?"

Well, three years later, now we all know what IP is. It's a powerful technology that's changing the world of communications. And the cable industry has embraced IP. We have now invested nearly 100 billion dollars to bring an IP-enabled broadband network to nearly every doorstep in America. And at Comcast, we will use our IP infrastructure to provide advanced digital voice service to 40 million homes in the next two years.

Congress and the FCC are now considering how IP may change the competitive landscape, and what the implications are for regulation. Some phone companies want to use IP to bring another competitive *video* choice to consumers. We say, "Welcome." The video marketplace is already robustly competitive, and entry by more competitors can bring more consumer benefit. And we believe that this additional competition warrants a comprehensive reexamination of an existing regulatory framework adopted when the video marketplace was far less competitive.

But at least one phone company argues, "IP video is a different technology. Exempt us from everything." Which leads to some fundamental questions: On what basis do we regulate? Do we make regulatory distinctions based on technology? Or do we treat like services alike?

In January, my friend Tom Tauke of Verizon made the following comment to the nation's mayors: "It's not logical to treat different sectors of the communications marketplace differently based on *what technology* they use *when they're all delivering the same service.*"

We think he's right. What matters to consumers, and what should matter to this Congress, is not the technology used to provide services, but the services themselves. If the consumer views the video service delivered by a phone company to be essentially the same as what they get from a cable company, there is no basis for the law to treat them differently based on whether they use a lot of IP, a little IP or no IP. Like services should be treated alike, and everyone should play by the same rules.

Today, the law permits a phone company to offer video programming in one of four ways – as a common carrier, as a wireless provider, as an open video systems provider, or as a franchised cable operator. Based on what we understand of the business models planned by the phone companies here today, they will fall into that fourth category – they would be franchised cable operators, governed by the cable provisions (Title VI) of the Communications Act.

Title VI already contains reduced obligations for new entrants, such as freedom from price regulation, but, in general, it does not distinguish among competitors in imposing certain non-economic rules – including the need to obtain a local franchise, and the responsibility to bring the benefits of competition to every American, rich or poor.

A cable operator may not discriminate based on the economic characteristics of a community. Therefore, as a condition of granting a local franchise, a city government may insist that every neighborhood is to be served within a reasonable period of time. Every cable operator in business today lives under this rule and has built out its systems to avoid redlining. By the way, that's also how we're rolling out our IP-powered "digital voice" service as well – when we provide this service in a community, we will quickly serve the whole community. And we will offer it to every home in the franchise area, whether or not that home is currently a video or data customer.

Let me be clear. We do not oppose a review of Title VI. In fact, we think the level of competition today justifies elimination of many of the requirements of Title VI for *all* providers.

Mr. Chairman, we supported efforts in the last Congress to establish new rules for VoIP. That job is not yet done – and while VoIP services are now widely available in the marketplace, we are left waiting for clarity about the rules that will apply. We believe that VoIP deserves the prompt attention of this Committee. And our position on VoIP is consistent with our position on IP video: for VoIP, we support minimal economic regulation while ensuring that all VoIP providers satisfy E911, CALEA, universal service and disabilities access requirements.

By contrast, there is no one providing IP video services in any significant way today. There is not an IP video market that is being held back by current policies. Many of the issues raised by IP video have no parallel in IP voice and so have not been part of the debates over the proper framework for voice offerings. Legislating or regulating in advance of a careful consideration of these issues, such as localism, content rights management, and redlining, could inadvertently undermine important public policies. Responsibility for some of these issues has been placed at the local franchise level, and Congress and the FCC may or may not want to shift that responsibility to other levels of government.

Instead of having a debate about IP technology, we believe Congress should consider how *all* multichannel video services should be regulated in the future. Congress should consider the current state of competition and the additional competition that IP video could bring – and, if the rules are to be changed, they should be changed for *all* providers.

Mr. Chairman, for years the phone companies have protested the disparity between the way the law treats their DSL service and the way it treats cable's high speed Internet service. Their plea has been, "Treat us like the cable companies." And I would note that Comcast has never objected to that.

Now that the phone companies plan to offer video, we say “welcome... and we agree – you should be treated like cable companies, because that is what you are.” And whatever rules apply to one should apply to all.

I would like to thank the Committee for the opportunity to appear here today, and I look forward to answering any questions.