Comcast Deal With Charter Isn't About Improving Competition; It's About Carving Up Marketplace

By Chris Morran April 28, 2014

(Sterling Davis)

Earlier today, Comcast, Time Warner Cable and Charter Communicationsfinally confirmed reports that the three would be playing swap-the-subscribersin an effort to make the unappetizing Comcast/TWC merger slightly less sickening. But while Comcast wants consumers and regulators to believe this sacrificial offering is about keeping the marketplace competitive, it's really just an easy way for the players to rearrange their customers for better regional monopolies.

From the moment Comcast and TWC announced their mammoth merger earlier this year, the companies said they would be shedding a few million customers to keep their total, combined customer base at the 30% market share that is often cited as a maximum, but which courts have shrugged off.

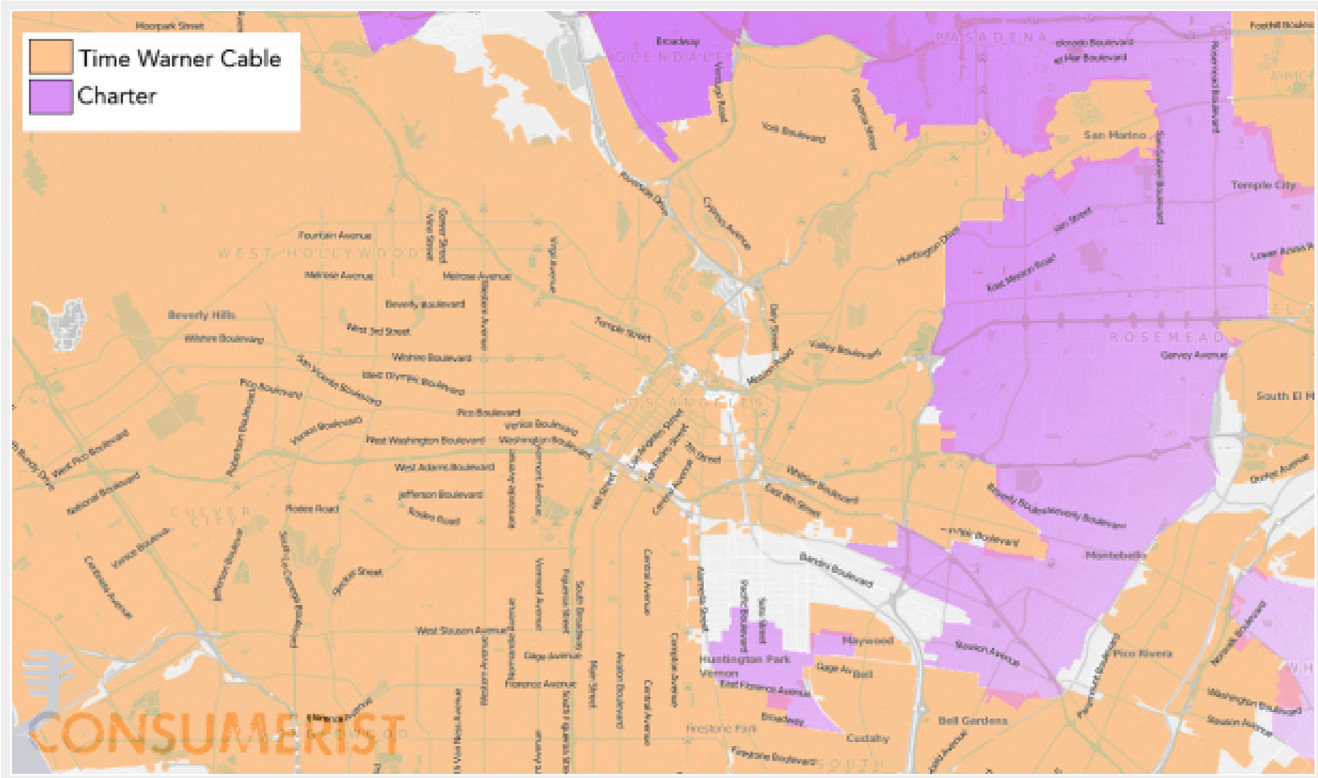
But this isn't really about keeping marketplace competitive. Because, asComcast CEO and scion Brian Roberts has already admitted, there is no real competition in the cable marketplace thanks to decades-old monopolies.

This is not Charter suddenly being granted access to compete in areas dominated by TWC or Comcast. Nor is "SpinCo" — the company formed by Comcast's spinning off of 2.5 million customers into a new business partially owned by Charter — a new player that will enter into Comcast/TWC or Charter markets to compete. This is just a lot of shuffling and rearranging being done under the pretense of competition that doesn't exist.

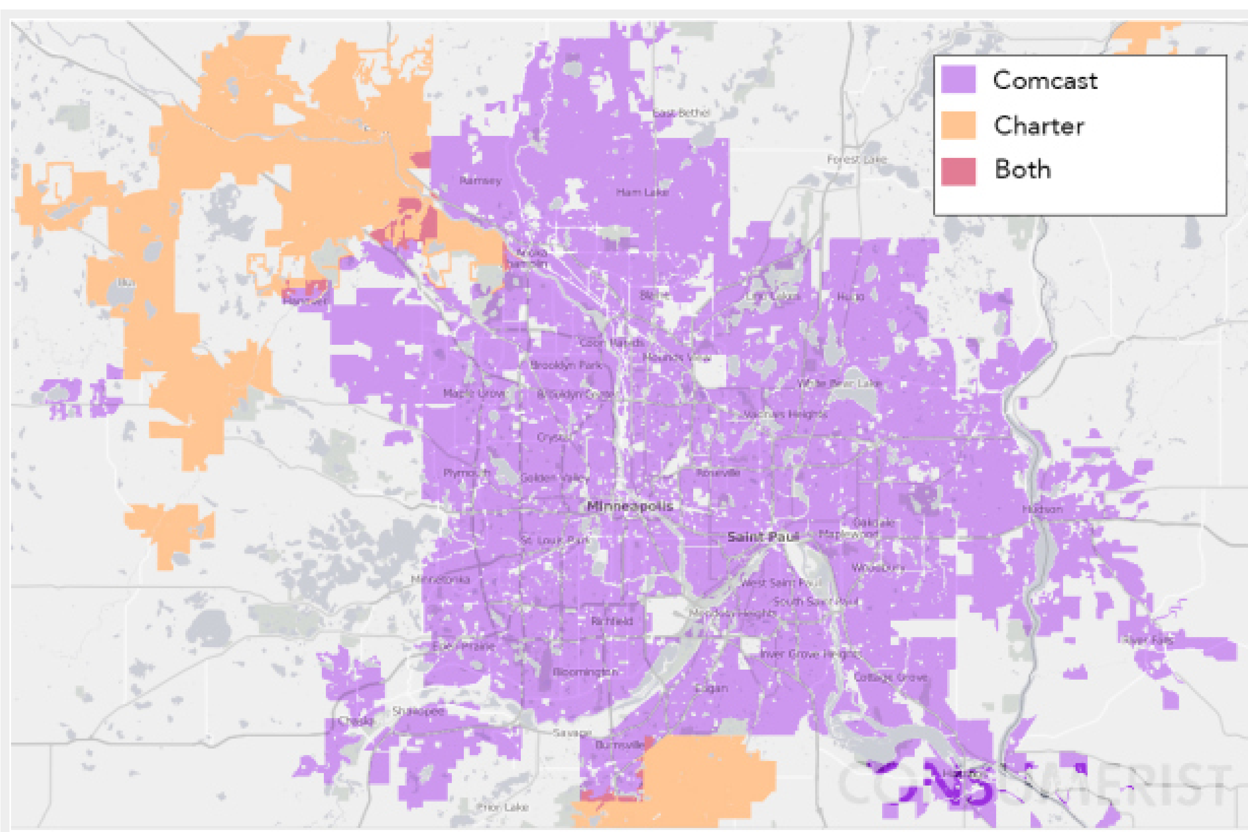
"This is a very complicated deal," explains our colleague, Delara Derakhshani, policy counsel for Consumers Union, "but it looks like Comcast and Charter are trying to carve up the marketplace to their benefit."

The biggest win for Comcast is Los Angeles. As you can see from the following map of Los Angeles that we produced for a recent story on the lack of broadband competition, most people in L.A. are either TWC customers or Charter customers. As part of this deal, Comcast would get Charter's L.A.

holdings, giving it a lock on the L.A. customer base:



Likewise, in Minneapolis, where Comcast has dominated the market with Charter nibbling at the edges, it looks like those customers will become part of the SpinCo family, meaning Charter benefits greatly as it now has a stake in the entire Twin Cities pay-TV and broadband market:



The current state of broadband competition in Minneapolis-St. Paul; but it will all change if the

The companies argue that having contiguous coverage in an area will allow them to offer better service and better prices, but what they really mean is that it will allow them to save money (which

Comcast deal is approved. won’t be passed on

to you) and will give them more monopoly power in these regions.

“It’s hard to see how any of this benefits consumers or competition,” says Derakhshani.

Comcast-TWC Merger Could Bring Broadband Data Caps To Pretty Much Everyone

By Kate Cox April 14, 2014

(frankieleon)

Mobile data caps might be almost universal, but home broadband data caps are much less so. Some providers have them, but many don't. At the moment, Time Warner Cable is in that "doesn't" category — but Comcast keeps trying to expand theirs. If the FCC grants the corporate union of the two its blessing, a whopping 78% of Americans could find themselves living under the new normal of limited home broadband.

The math comes from the crew over at GigaOm, who keep up to date on the state of broadband caps in general. They find that among cable broadband providers, TWC and Cablevision are the only ones who don't currently impose data caps on consumers. (Fiber and DSL companies are a more mixed bag.) Post-merger, Cablevision could easily be the last one.

Comcast's current data cap — sorry, "data threshold" — is 300 GB. Consumerswho exceed that 300 GB data point automatically see a $10 charge on their bill for each extra 50 GB of data used. The plan is not yet nationwide, but the program has been expanding over the past few years and seems to be one Comcast wants to stick with.

TWC, meanwhile, doesn't keep their data unlimited because they particularly want to. They tried to implement "metered bandwidth" back in 2009 but had to drop the plan in the face of enormous opposition. They have since created an opt-in plan where customers can choose to accept a very restrictive cap in exchange for a tiny monthly discount on their bills. As even TWC's CEO has admitted, that has been a total flop.

Of course, we don't know what terms the FCC and Justice department might impose on Comcast in order to let their purchase of TWC go through. It is theoretically possible that regulators could require Comcast to ditch data caps as a condition of the sale. Possible… but unlikely at best.

The cable industry very much wants to implement usage-based pricing for everyone, everywhere — just like we used to have back in the AOL dial-up days twenty years ago. And while it might sound like their reasoning has to do with apportioning a limited resource, so high-volume users don't prevent low-volume grandmothers from checking their e-mail once a week, that's not what it's about at all.

As ever, it's really all about the money — and the simple fact that the industry would like to make even more of it. And as the future requires ever more data, data caps could be the next big way the broadband industry can make sure to nickel and dime consumers.

If Comcast gets TWC, three out of four Americans could get a broadband cap[GigaOm]

Don’t Believe Comcast… Mobile Broadband Is Not Competition For Cable Internet

By Kate Cox April 24, 2014

(Alan Rappa)

Merger-mad Comcast and Time Warner Cable would have you believe that they are in direct competition with mobile broadband. And Verizon has successfully misled the state of New Jersey into thinking that accessing the web on your phone is the same as having a high-speed data connection to your home. Both of these conceits may someday be accurate, but the reality of the here-and-now is quite different.

The growth of mobile connectivity and the use of mobile devices, phones and tablets both, is indeed the great and growing tech trend of the decade. Although we’re not there yet, it’s not hard to imagine a time in five, ten, or 20 years when mobile broadband will in fact be the preferred and dominant way we all connect to each other. So what are the obstacles standing between then and now?

WHY NOT NOW?

The would-be all-mobile user of 2014 faces three key challenges:

1. Reliability: Connecting to a network, and staying connected to it, can be a challenge even (and especially) in the most moneyed and densely-populated parts of the country. Verizon has admitted that it has had to occasionally downgrade LTE customers to previous-generation 3G service because of network congestion.

2. Speed: Mobile broadband at its fastest is still slower than a large percentage of traditional broadband.

3. Cost: Although prices aren’t quite as high as they used to be, wireless consumers still pay an extraordinary amount of money for every megabyte of mobile data they use on wireless when compared to standard rates for home broadband.

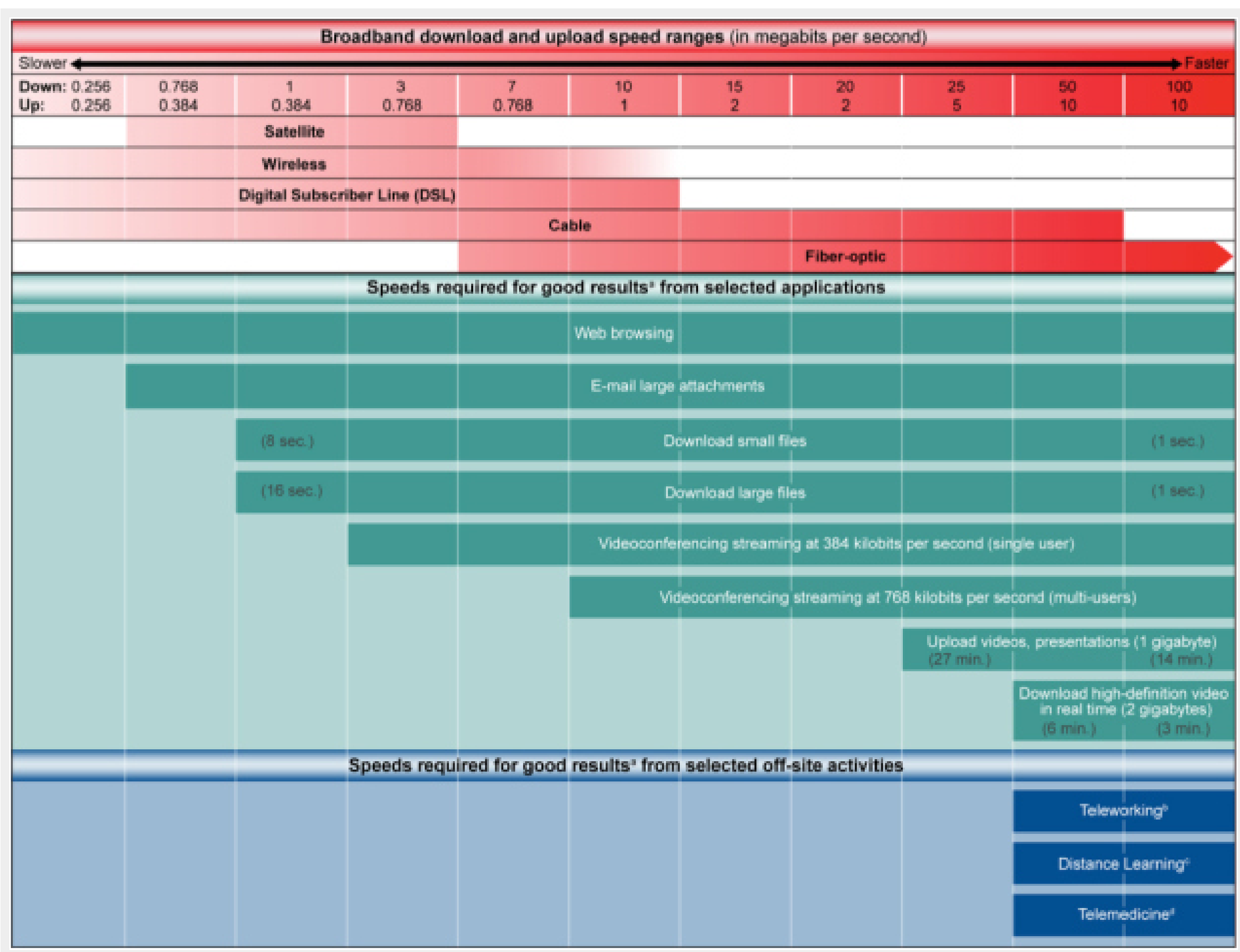
Together, those factors add up to an environment where even the current best in modern mobile network tech, 4G LTE, isn't quite good enough to replace traditional broadband for most folks.

NETWORK SPEED & REACH
In the United States, 58% of adults own smartphones — and probably all of them have, at least once, run into some kind of hiccup using mobile data.

Some large, bandwidth-intensive apps will only update on WiFi and won't connect at all over 4G. Sometimes, even though you're standing still, your connection to the website you're trying to reach or the video you're trying to stream just drops out. And sometimes, in densely populated areas, your carrierjust can't handle the demand, and kicks your connection to a slower speed. These are the mostly-inconsequential frustrations of which daily life is made.

But those, "ugh, again?" eye-rolling moments are a useful sort of barometer to show us what the data all says more clearly: 4G connections can be great, but in many areas they remain unreliable, and their speeds — and therefore, utility — are limited.

How limited? As part of a recent report looking at broadband connections in rural areas, the GAO put together a chart comparing the average network speeds of the common technologies — satellite, mobile, DSL, cable, and fiber — and stacked them up against the speeds required for most activities.



Average broadband technology speeds as compared to uses, via the GAO.

For wireless broadband, the results are mixed. The GAO considers the average wireless speed — between 1 and 10 MBps download — to be perfectly fine to use for basic web browsing and e-mailing. But for uploading files, streaming HD video, or taking part in any kind of real-time activity, mobile data doesn't stack up. It takes cable or fiber for that.

The other half of that question of course is: can the average mobile data user actually expect to get the average mobile data speeds? And as you might expect, the answer is "it depends."

Every year for the last four years, PC Mag runs an experiment and reportlooking at real-world mobile connectivity around the nation. Their 2013 "Fastest Mobile Networks" report tested not only the speed but also the consistency and reliability of major providers' 4G mobile networks in 30 major metro areas and the rural/suburban stretches of interstate between them.

Their results for both the fastest connections and the most consistent ones ended up varying hugely both by carrier and by location. In some cities, with some carriers, they were able to record download speeds of over 65 Mbps — certainly sufficient for most tasks, and better than many home users reach on their wired connections.

But as the PC Mag folks explain, those are only maximum speeds. The standard needs to include reliability, as well: what's the average network speed, as opposed to the maximum? And can the carrier sustain it?

The standard for a useful 4G LTE broadband connection download speed is considered to be a reliable 8 MBps, and all of the carriers that the reporter at PC Mag spoke with agreed that it was the level of service they aim for. If a carrier can offer a constant 8 Mbps or better connection most of the time then that carrier truly offers a viable mobile network.

That "most of the time," though, turns out to be the big catch:

> AT&T failed to deliver 8 megabits down at least 20 percent of the time in two thirds of our cities. Verizon did even worse; it only delivered 8Mbps results 80% of the time in Detroit and Indianapolis. And Sprint's hometown of Kansas City was the only place where we saw Sprint LTE exceeding 8Mbps more than half the time.

The accompanying graph shows that even in the best-connected cities, 100% reliability is still a dream for the future.

And outside of those best-connected cities, the situation is far worse. The constant challenge of broadband expansion is that people who don't live in urbanized areas pretty much never get to see the benefit. Expanding rural broadband is a major project at the FCC, and it's work that's still not done.

AND THEN THERE'S THE MONEY…

All those fancy high-tech 4G LTE mobile data plans? They're expensive. Really expensive. Especially if you actually want to use your phone or tablet to do things with.

Pricing for data plans varies widely among the big four carriers, and their options — nested in piles of differently managed family plans, miscellaneous fees, overage charges, and phone rebates — can be difficult to compare in an apples-to-apples sense. Even so, they generally fall into a standard three-figure range.

Earlier this year, a research firm analyzed survey data from 2013 to see who was paying the most for their mobile phone plans. Verizon customers had the highest average monthly bill, coming in at $148. T-Mobile's was lowest — but "most expensive" and "cheapest" were relative. Verizon's $148 is not exactly astronomically above Sprint's $144, AT&T's $141, or even T-Mobile's $120.

Although that $28 per month between the average Verizon bill and the average T-Mobile bill adds up to about $216 per year, that's barely a drop in the metaphorical bucket as compared to how the average wireless data bill compares to the average home fixed broadband bill.

	Cable	Mobile
Bill	$154	$144
Data cap	300 GB	10 GB
Cost per GB (standard)	$1.94	$14.40
Overage charge	$10 / 50 GB	$15 / 1GB
Cost per GB (overage)	$5	$15

We did the back-of-the-envelope math when Comcast claimed 4G was viable competition to cable. And although the numbers are rough averages, the picture they paint remains clear: mobile data costs consumers about ten times as much per gigabyte used as standard broadband does.

CAN'T IT BE DONE BETTER AND CHEAPER?

The problem isn't the phone tech; it's the carriers that own the infrastructure. Verizon is almost everywhere but has a slower network. AT&T has a faster network but isn't available in as many areas. T-Mobile has better pricing but is both slower and harder to find. And Sprint is, well, still trying to figure out what on Earth to do next.

Mobile data prices are high in part because they can be, but also in part because of the basic rule of supply and demand. Demand isn't dropping; it's skyrocketing. And supply to match has been slower to catch up.

Increasing mobile network capacity requires two new things. The first is that basically, we need to build even more cell towers. But one of the guiding principles of business is that companies only want to spend money if it guarantees they can make more money. Rural and suburban LTE expansion faces some of the same challenges as rural and suburban cable or fiber expansion does: most companies don't want to spend what the infrastructure buildout costs for as few potential customers are available in the area. And so an area remains underserved.

And on top of all that, increasing the reach of one provider is still only half the challenge. If Verizon ends up with a truly national, reliable, high-tech, high-speed mobile network that you can reach from any square foot in the continental United States, that would be amazing — and it would also be a monopoly in many areas, with all the trouble for consumers that creates. The biggest markets, like DC, New York, and L.A., will always have some competition around to keep carriers in line. But even though millions of folks live in or near big cities, millions more don't. Prices would most certainly not drop, under those conditions, and customer service would probably take a tumble too.

As with any other major national project, then, getting a truly 21st century mobile data network built out nationwide will take a combination of private investments and government policies, at both the state and federal levels. Companies like Verizon and AT&T will require incentives — lucrative ones — to build where they otherwise wouldn't.

MAKING (AIR)WAVES

Speaking of federal policy, that's the other infrastructure challenge: available broadband spectrum. All this data goes over radio waves just like every other kind of transmission. Certain segments of the spectrum are allocated to mobile providers. The more of those segments that the cell phone companies have access to, the more traffic they can move through the ether simultaneously.

The question then, of course, is who controls the segments of the spectrum? If one company were to control something like 75% of the spectrum, there'd be no room left for new companies to try building out infrastructure, or to offer new products and services. In short, there'd be no way for anyone to compete.

It's the FCC's job to make sure that no one company controls too many of the available wavelengths, and to help make more available when the spectrum already in use is no longer enough. And that's exactly what they're doing: this fall, the FCC will hold a big spectrum auction to make more frequencies available to mobile companies. The section of spectrum coming up for sale is considered particularly valuable, as it has the kind of reach and strength that mobile companies need in a bandwidth-intensive mobile market. The rules for the auction aren't finalized yet, but currently the plan is to reserve chunks of itfor smaller carriers, directly preventing AT&T and Verizon from gobbling it all up for themselves.

Will more spectrum do the trick and make 4g LTE data cheaper for consumers? Not by itself, not yet. It is a step on the long road to seeing mobile data potentially become dominant, though.

By the time mobile data is as effective as wired, we'll probably be a couple of tech generations ahead of 4G, anyway. But with as much easier (and cheaper) as it is to build more cell towers than it is to run fiber cables across the continent, it's easy to see why a company like Verizon will try anything to hasten the mobile future.

Netflix Increasing Prices, Thinks Comcast-Time Warner Merger Is A Terrible Idea

By Laura Northrup April 21, 2014

(Eric Spiegel)

This afternoon, Netflix released its latest earnings report, where the company told the world about its $53 million quarterly profit and impressive growth in subscriptions. That's all very interesting, but not what we at Consumerist are interested in. We care about one other piece of information that Netflix mentioned: they plan to raise prices for the first time in years.

The company's pricing has remained pretty much the same since 2011. That's when DVD and streaming subscriptions were split after the company's attempt to spin DVD rentals off into a separate, strangely-named business called Qwikster.

Competing service Amazon Prime provides both streaming video and free shipping of mundane items in comically oversized boxes to your doorstep. Yet consumers took the announcement earlier this year that Amazon would be hiking the yearly Prime membership fee by $20 fairly well.

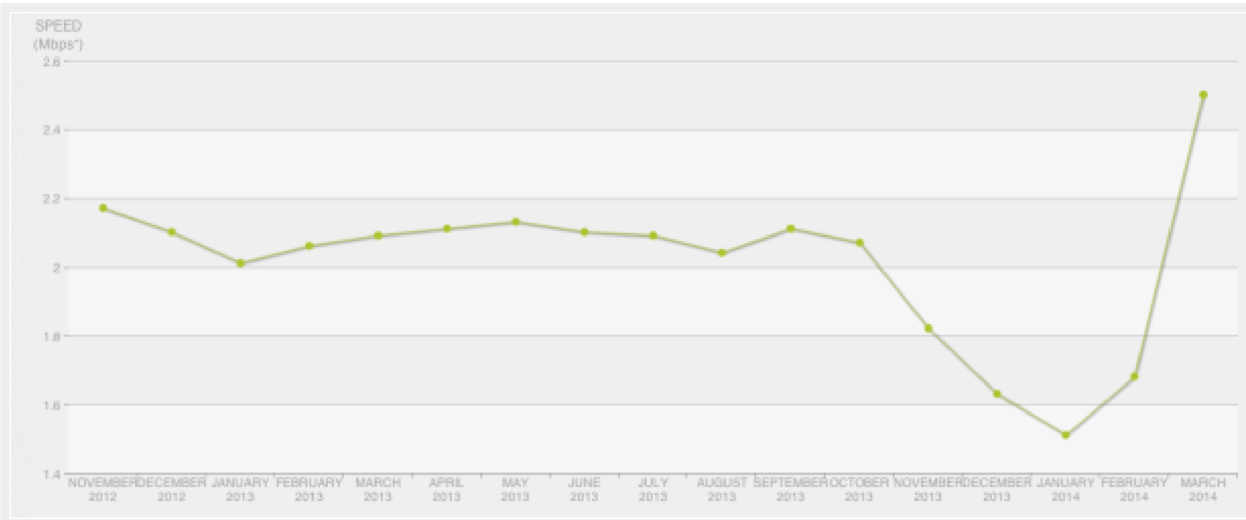
Except…not for a few months, and only for new customers at first. Eventually, the increase will hit current customers. The company tried a similar increase in Ireland, and there were no Qwikster-style mass consumer revolts.

On a section about the report that discusses the overall state of the information and entertainment businesses, the company decided to make note of its opinions of net neutrality and the proposed Comcast-Time Warner Cable merger. Their very predictable positions: for net neutrality, against the merger. "Comcast is already dominant enough to be able to capture unprecedented fees from transit providers and services such as Netflix," the company notes. "The combined company would possess even more anticompetitive leverage to charge arbitrary interconnection tolls for access to their customers. For this reason, Netflix opposes this merger."

Letter to Shareholders [Netflix]

Now That Netflix Is Paying Comcast, Users Finally Get Decent Speeds… But At What Cost?

By Chris Morran   April 14, 2014



Comcast’s speed has rebounded to its fastest ever since bottoming out in January.

The good news: Netflix’s deal to pay Comcast for better access to its network is working. The bad news: This will now set a precedent that Internet service providers can hold content companies hostage with complete disregard to net neutrality.

Netflix has released its latest Speed Index numbers, and in the two months since their paid-peering deal was announced, Comcast has jumped from theworst cable Internet provider in the group (only performing slightly better than standard DSL services) to the fifth-fastest provider in the U.S., with an improvement of 65% in downstream speeds.

While this is undoubtedly good news for Comcast subscribers who had been watching their Netflix signal degrade since last summer, as Comcast allowed the traffic to bottleneck, the precedent being set by this arrangement gives rise to some bigger-picture concerns, especially if Comcast’s merger with Time Warner Cable is approved.

1. ENCOURAGING THE OTHER GUYS

Comcast has shown the other ISPs that its strategy of refusing to open up peering connections worked to bring the country’s largest bandwidth user to the bargaining table. While Comcast is larger than any of the other ISPs currently trying this tactic (we’re looking at you AT&T U-Verse and Verizon FiOS), its success at getting Netflix to fork over the cash will only embolden the other providers to stick to their guns, even as FiOS and U-Verse continue to provide substandard speeds.

Remember, Comcast had an incentive to look good for the regulators investigating its merger with TWC. Verizon and AT&T have no such pressure and can continue playing this game of chicken until they get paid.

And when they do get paid, you can rest assured that Netflix will have to get that money from subscribers, which means higher rates, fewer selections, less investment in technology.

2. AN UNCLEAR FUTURE

It's not known what, if any, considerations the Comcast/Netflix deal has for the 10 million or so customers Comcast could acquire if the TWC merger is approved. TWC has not acted to let Netflix service bottleneck and has instead maintained middle-of-the-pack status for quite some time.

Will be forced to pay even more money just because Comcast buys TWC? If not, will Comcast allow Netflix service to inherited TWC customers to degrade in order to justify getting more money from Netflix?

3. BARRIERS TO ENTRY

Netflix, with its large, established international customer base, is currently able to afford paid-peering deals. But what about its competitors that are just trying to crack the market, or the ones that are making their case right now to some venture capitalists? Streaming video content is already an incredibly complicated and expensive proposition without having to worry about being punished by the cable companies who often control the last mile of data to the home, and many of whom have competing services of their own.

Alas, while FCC Chair Tom Wheeler has said that peering and interconnectivity are indeed within his agency's purview, his office recently confirmed that these issues will not be part of the updated net neutrality issues the FCC is currently drafting.

Regional Sports Channels Highlight Problem With Comcast/TWC Merger

By Chris Morran April 29, 2014

For Dodgers fans in L.A. without Time Warner Cable, going to see a game live may the only way to catch a game. (photo: Atwater Village Newbie)

When Connecticut Senator Richard Blumenthal questioned Comcast and Time Warner Cable execs about how the merger of these companies would impact regional sports programming, the two cable operators shrugged it off as a silly question. But it's not, and here's why.

In their testimony before the Senators, Comcast and TWC said there should be no concern about the merger affecting regional sports channels because Comcast and TWC don't currently have any overlap with these channels.

But this isn't about overlap. It's about using the combined assets of Comcast and TWC to force customers off of the only real remaining competition in the pay-TV market: Satellite service from DirecTV and Dish.

The two biggest players in regional sports coverage are Comcast, through its various Comcast SportsNet offerings, and FOX, which operates a large number of local sports channels. In markets with multiple sports teams, these regional channels often carry the majority of games for everything except the NFL, which is usually available through a local broadcast TV station.

But where FOX's sports offerings and those of Comcast differ is availability to people across multiple pay-TV platforms. See, FOX, being a content company that wants its shows seen by as many people possible, tries to make deals with as many cable and satellite providers as possible. And across the entire list of local FOX Sports stations, only a handful are not available to both DirecTV and Dish subscribers in their area. In all of its markets, FOX has at least made deals with DirecTV, in addition to the terrestrial cable operators.

That's not true for Comcast, which balks at offering satellite providers access to some of its most coveted sports offerings out of concern that it will lose its stranglehold on the local pay-TV business.

THE PHILADELPHIA EXPERIMENT

We've written before about the mess here in Philadelphia, where Comcast successfully held a death grip on its local sports network through the "terrestrial loophole," an antiquated aspect of FCC regulations that said a cable operator didn't need to share its privately owned stations with others in the area if those stations only went out via terrestrial cables. The FCC closed that loophole several years ago, but CSN Philadelphia is still not available to companies that compete with Comcast in the area.

Sources at some of those competitors tell Consumerist it's because Comcast is demanding an "extortionate" rate — something along the lines of what a cable company would pay to broadcast a major network nationwide — just to air Phillies, Flyers, and Sixers games to customers in the Philadelphia market.

Making matters even worse for those with satellite service, Comcast recently made a deal with the Phillies that ensures that all but around 10 of the team's 162 games will be broadcast on Comcast-owned stations that are not available to DirecTV or Dish customers.

If you need more concrete evidence that Comcast would rather tick off satellite companies than score higher ratings, you need look no further than the current NHL playoffs.

NBC is touting that all playoff hockey games will be available on some NBC channel this season, and one of last week's games between the Flyers and the NY Rangers was slated to appear on CNBC, a station that all DirecTV and Dish subscribers have. But here in Philadelphia, the game was also aired on CSN Philadelphia, which triggered NHL blackout rules, meaning that satellite customers in the area were left staring at a blank screen.

There is absolutely no other reason for Comcast to simulcast this game on the smaller regional sports station other than to make sure it remains blacked out for Dish and DirecTV subscribers in the area.

So rather than make sure that as many people could see the game as possible, generating more revenue and earning much-needed goodwill, Comcast chose to raise a middle finger to Philadelphia-area residents who dared to not subscribe to Comcast.

The same will likely hold true for tonight's game, which is available nationally on NBC Sports network, but which will presumably be blacked out for DirecTV and Dish users in the area because it's also being shown on CSN Philly.

HOUSTON, WE HAVE A PROBLEM

There is a similar issue going on in Houston, where CSN Houston carries the majority of Rockets and Astros games, but which only about 2-in-5 Houstonians have access to.

In spite of sinking ratings because of lack of availability, Comcast has yet to reach a deal with either DirecTV or Dish (or U-Verse and other terrestrial providers in the area), leading Houston Mayor Annise Parker to try to bring all the interested parties together to hopefully come to a resolution.

TIME WARNER CABLE: THE UN-ARTFUL DODGER

Comcast's merger partner is trying to mimic its bigger pal's tough-guy monopolistic stance with SportsNet L.A., jointly owned by the Dodgers and TWC.

Because TWC is unwilling to budge on the price tag for access to the Dodgers — who currently have the leverage of doing well so far this season — some 70% of people in L.A. have no way of watching most Dodgers game.

And much like in Houston, it's come to the point of mayoral intervention, with Mayor Eric Garcetti (not to be confused with fictional Baltimore politician Tommy Carcetti) recently pleading with TWC to stop being jerks and make a dang deal already.

IT ONLY GETS WORSE

A merger between Comcast and Time Warner Cable only gives the combined company more leverage in negotiating with local sports teams — this is especially true with the proposed deal with Charter that would give a merged Comcast/TWC more contiguous coverage in L.A. and much of the East Coast.

In NYC, the Mets games are shown on SNY, which is jointly owned by the team, TWC and Comcast. Combined, the cable companies would own one-third of the station. The station is already unavailable to Dish customers in the city. What's to stop Comcast — especially when it becomes the dominant cable and broadband provider in NYC — to use that ownership stake to raise the price charged to DirecTV, forcing the satellite company to pass the cost on or drop the station?

In L.A., Comcast's adding of the few areas of the city currently held by Charter would bring Dodgers games to more people, but would also mean that the company has less reason to share with DirecTV or Dish, since not as many Angelinos would be up in arms about being unable to watch the games.

Comcast has never done anything to show that it has any interest in making sports content available to a wider market. Even its online Olympics coveragewas only available to pay-TV subscribers willing to pay for service tiers that included every NBC news and sports channel.

A bigger Comcast with more money behind it will only continue to leverage exclusive regional sports deals in order to keep subscribers from cutting the cord and to convince sports fans to stay away from satellite.

The Comcast Merger Isn't About Lines On A Map; It's About Controlling The Delivery Of Information

By Kate Cox April 12, 2014

(knight725)

Comcast and proposed merger partner Time Warner Cable claim they don't compete because their service areas don't overlap, and that a combined company would happily divest itself of a few million customers to keeps its pay-TV market share below 30%, allowing other companies that don't currently compete with Comcast to keep not competing with Comcast. This narrow, shortsighted view fails to take into account the full breadth of what's involved in this merger — broadcast TV, cable TV, network technology, in-home technology, access to the Internet, and much more. In addition to asking whether or not regulators should permit Comcast to add 10-12 million customers, there is a more important question at the core of this deal: Should Comcast be allowed to control both what content you consume and how you get to consume it?

QUESTIONABLE COMPETITION

This week, Comcast and Time Warner Cable executives testified before the Senate Judiciary Committee about why they think their merger is such a great idea.

In their joint testimony [PDF], the execs made a point of giving hearty shout-outs to anyone they perceive as a competitor, in order to claim that the merged company won't be a monopoly. That list of competitors repeatedly named AT&T, Verizon, DirecTV, Dish, Amazon, Apple, Sony, Google, Netflix, and Facebook as chief concerns.

Some of those are easy to understand: the satellite companies directly compete with Comcast to get TV networks into peoples' homes, for example, and the fiber companies do that plus broadband, too. But Apple and Sony? Amazon and Netflix? Facebook?

If Comcast is the company that plugs the broadband wire into your home, then why are they so concerned about whose devices and services you might use once you've got that connection?

Comcast is so concerned about all those other products explicitly because they aren't just the company that plugs the broadband wire into your home. Comcast is already not only your carrier but also your content — and if they get their way they'll become your gatekeeper to everyone else's content, too.

WHAT COMCAST DOES

The post-2011, post-NBCU-merger Comcast is an absolute behemoth of a company. They've got reach into an enormous number of media, internet, film, and television-related businesses.

So Comcast is:

- A "last mile" cable company, managing the physical infrastructure for television delivery
- A "last mile" broadband company, managing the physical infrastructure for Internet delivery
- A content delivery company, managing the software for broadcast/cable television (set-top boxes, the X1 platform and "TV anywhere")
- An ISP, managing software for Internet access (Comcast.net etc)
- A broadcast TV network (NBC)
- A cable content company (Bravo, SyFy, USA, etc.)
- A movie studio (Universal, Focus Features)
- A streaming content delivery company (Streampix, Hulu, Xfinity On Demand)

And that's without getting into their landline phone service, their web properties, their physical properties, their sports ties, or the several large cities where they own major local TV stations.

Distilled, the core businesses from which Comcast makes its big money are as a cable TV distributor, as a broadband Internet access distributor, and as a content company. And the combination of those three elements gives it enormous power.

Owning so many elements all the way up and down the whole process chain is known as vertical integration. (Horizontal integration is spreading a business wider, as the Comcast/TWC merger would do.) So for example, Comcast could take a 30-minute sitcom from production, to broadcast, to syndicated cable rerun, to on-demand, to streaming service that goes right to your home on Comcast's data network without a third party being any link in the chain.

When vertical integration is used to prevent competitors from doing their business, it can be an anti-trust concern. That most famously happened when the Supreme Court broke up the Hollywood studio system in 1948. In 2011 when Comcast wanted to buy NBCUniversal, the FCC and the Justice Department updated the metrics [PDF] they use to analyze vertical integration and imposed some restrictions on Comcast to prevent certain foreseeable abuses from happening.

THE COMCAST ECOSYSTEM

Pay TV — cable, fiber, and satellite — all work through a series of contract agreements with companies that own the networks. The company that owns the content gets a fee from the distributor, and these are generally arranged on a per-network, per-subscriber basis.

ESPN famously commands the highest fee of any cable network. So parent company Disney gets a little bit of money — in the ballpark of $5 — for every cable, satellite, and fiber subscriber in the country that has ESPN in their package (pretty much all of them).

Smaller networks command much lower fees, because content companies are trying to get their little channels in front of more eyeballs to increase ad revenue. Bigger networks get much higher fees, because realistically if a cable company blacks out ESPN they're going to lose an enormous number of subscribers. The money depends on who needs whom.

But of course, this is 2014, the age of the cord-cutter. With somewhere between 95 and 100 million subscribers, pay TV is still a big deal… for now. The under-40 crowd is starting to opt out of pay TV at a rate that the industry didn't see coming even a few years ago. But just because someone doesn't pay for cable anymore doesn't mean they don't want to see the programming.

DOUBLE-DIPPING AND THE MODERN MARKET

Happily for Comcast, those cord-cutting households aren't unplugging; they're just replacing their pay-TV service with streaming-only options. And successfully doing that means maintaining a reliable home broadband connection… which Comcast, conveniently, also provides.

Broadband competition is effectively nil in many areas, despite Comcast's claims about 4G LTE mobile broadband. So buying TWC extends Comcast's reach into that market, which they no doubt want to do.

But there's more to it than just selling access to the Internet pipelines. What comes down those pipelines matters, too.

Under the recently-vacated net neutrality rule, an ISP like Comcast would be forbidden from working out a pay-for-carriage agreement with an Internet content company the same way they can with a cable network. But that rule was overturned early this year, and nothing yet has replaced it.

Comcast is obligated, under the terms of its NBCU purchase, to keep adhering to the now-absent rule until 2018. But that rule has plenty of loopholes that can still result in services needing to pay for decent access to Comcast's network.

Of course, Comcast isn't just sitting around finding ways to charge companies like Netflix for carriage; they're out there competing directly in the same space. The trade and lobbying group for the big cable companies, the NCTA, has achart on their website under "competition" where they list the biggest video subscription services. From largest to smallest, the list includes Netflix, Comcast, DirecTV, Dish, TWC, Hulu, FiOS, U-Verse, Cox, and Charter.

Eight of those are companies that provide pay TV service, and can easily be considered competitors with each other. The other two though, Hulu and Netflix, are internet-only content-only companies that don't care who you get your broadband connection from, as long as you're in front of a screen that can access their apps or websites — and Comcast already owns about a third of Hulu.

HOW COMCAST KEEPS YOU IN ITS SANDBOX

The joy of being a vertically integrated company is being able to exercise something called vertical leverage. Basically, the bigger Comcast gets, the more extraordinary financial power they wield. The terms they can negotiate upstream and downstream are more likely to be favorable to them, and not to anyone else.

A report [PDF] from the Consumer Federation of America calls these “bottleneck points.” And the bigger Comcast gets, the more of them they have — as in their recent peering dispute with Netflix.

Comcast also has ways of keeping paying consumers, not just other businesses, playing on their turf. In 2012, for example, Comcast declared that while time spent streaming video through YouTube or Netflix counted against a customer’s monthly data cap, data streamed from Comcast’s On-Demand service would not.

And what about that X1 platform that Comcast keeps touting in all if their testimony, filings, and self-congratulatory website posts? It’s the company’s next iteration on a cable box: a cloud-based, remotely accessible platform that integrates DVR, currently-airing TV listings, and Comcast’s on-demand video. It is convenient for Comcast subscribers… and it’s also a way to keep them from ever wanting to turn on another device and log in to Netflix instead.

Comcast even manages to find a way to use its extensive gatekeeping to prevent paying subscribers from accessing material they paid for. HBO subscribers who get their premium channel from Comcast can’t use the HBO Go app on certain platforms (Roku and PlayStation 3) even though HBO supports it — because Comcast’s authentication process doesn’t.

IS THIS REALLY SOMETHING TO WORRY ABOUT?

Right now, Comcast is limited by legal agreements not to behave in too shady a manner. They had to relinquish management control of Hulu, for example, and those net neutrality requirements remain in place. Getting the merger with Time Warner Cable through the approval process would likely require some sort of nod to broadband competition as a concession.

But Comcast has a really bad track record of actually obeying those orders. Once it gets the green light to go ahead with a business move, they generally just do what they want.

Consumer advocacy groups aren’t the only ones worried about Comcast’s continued expansion plans: lawmakers from both parties have their doubts. Those concerns aren’t just about who runs wires where, and what company a consumer pays to get service. They’re about what customers are allowed to consume.

Whether the reasons for locking a content provider out of distribution access are politically motivated or simply financial, the end result is the same: consumers have narrower access.

THE FUTURE OF NOT-AWESOME

And that’s the future that’s coming to pass. Comcast already controls the production, distribution, and exhibition pipeline for content — both in the traditional TV space and also in the streaming space. But Comcast’s reach, despite the dearth of true competition in most markets, isn’t yet universal. A few other companies are big enough that they can still provide tiny obstacles to Comcast’s vertical leverage.

In the end, making Comcast bigger only gives it more leverage — a company that would control the lion’s share of to-the-home information for this country. Until such a time when (and if) wireless and fiber providers begin offering a service that competes with cable Internet on speed, availability and cost, consumers are only going to see the walls around Comcast’s sandbox grow taller, while bottlenecked Internet businesses face higher and higher tolls for access to a huge portion of American homes and offices.

In this game, the only one who wins is Comcast.