

**Testimony of Catherine Avgiris
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before the

**Committee on Energy and Commerce
Subcommittee on Telecommunications and the Internet
United States House of Representatives**

**“Issues in Telecommunications Competition”
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Good afternoon Mr. Chairman and Members of the Committee. Thank you for the opportunity to testify today on “Issues in Telecommunications Competition.”

My name is Catherine Avgiris and I am the Senior Vice President and General Manager of Voice Services for Comcast Corporation. I am currently responsible for overseeing all aspects of Comcast’s voice business. I last testified before the Committee on the E911 bill last year, and I congratulate this Committee and Congress for passing this important piece of legislation. It is good to be back with you today.

I am pleased to report that since I last testified, Comcast’s voice service continues its rapid growth, as the cable industry continues to provide consumers with their first real competitive choice to the incumbent telephone companies since Congress paved the way for that competition through the passage of the landmark Telecommunications Act of 1996 (“the Act”). Today, Comcast’s voice service alone reaches more than 44 million homes nationwide. In just the last three years, more than five million customers have chosen the great savings and convenience that our competitive service provides, and, as a

result of this phenomenal consumer demand, we are now the largest facilities-based competitive provider of residential voice service in the United States and the fourth largest voice provider in America. Comcast Digital Voice has been the driving force behind the success of Comcast's "Triple Play" package, which offers consumers the option of receiving digital voice, cable, and high-speed Internet services from one company, for one low price, with innovative features. We also serve more than 24 million cable customers and more than 14 million high-speed Internet customers.

We are not the same company we were a decade ago – we have invested billions of dollars in our network, spawning a multitude of exciting and cutting-edge innovations. We now offer consumers more cable channels, more video-on-demand, more high-definition video programming, and more advanced digital video recorders than ever before. In addition, more than 99% of our customers have access to our leading residential broadband Internet service, and we routinely increase our upload and download broadband speeds for the benefit of our customers.

Our investments have spurred innovation by our communications industry competitors as well and resulted in great consumer benefit – bringing more features and advanced services to consumers at better prices. Our investments have paved the way for the creation of exciting new online business models such as eBay and Amazon.com, large networking communities such as Facebook and MySpace, and powerful Internet technology leaders like Google.

The demand for voice competition – competition that was delayed for nearly a decade after the Act was passed by litigation and regulatory gamesmanship – has been met by cable’s facilities-based competition. Just as cable’s investment in fiber-based networks drove the broadband revolution in America, so too have we driven a revolution in voice services and consumer savings. Economic experts estimate that households will save \$95 billion over the next five years, and small businesses will save \$16 billion, as a result of this expanded competition in the voice business – that’s a total of more than \$111 billion in residential and small business savings.

Our actions prove that we believe in competition, and that we would rather compete with the incumbent local telephone companies for customers in the marketplace than engage in regulatory battles at the FCC or in the halls of Congress. But the incumbents are still dominant and their continued market dominance gives them the ability and incentive to frustrate innovation, choice, and competition, especially in those few remaining areas where effective competition is dependent on mutual cooperation with competing providers. Let me give you three examples.

First, for voice competition to work, the 12% of residential customers who so far have chosen cable voice and other competitive voice providers must be able to connect to the 88% of residential customers who still take voice service from the incumbent telephone companies.

Interconnection of our networks with theirs remains a prerequisite for competition.

Interconnection on terms that are not just, reasonable, and non-discriminatory is tantamount to stopping competition dead in its tracks. Unfortunately, the incumbents continue to use

interconnection as a weapon for impeding competition. For example, we are currently in a dispute with an incumbent that is refusing to interconnect with us, as required under the Act. Put simply, denial of interconnection means denial of competition and consumer choice. Other local telephone companies use their own tactics to delay or frustrate our entry, and as more consumers choose Comcast, the incumbents become more creative in developing roadblocks to competition.

Second, consumers feel it is critically important to be able to keep their current phone numbers when they switch providers, and the incumbents need to cooperate with the competitors to ensure that this number porting works smoothly. We support the FCC's efforts to reduce the time it takes to port a number and to eliminate burdensome rules that frustrate the process. Incumbent providers cannot be allowed to drag their feet to impede the number porting process. While wireless carriers have voluntarily agreed to allow their customers to switch their phone numbers to a new wireless provider in a few hours, the current industry standard for wireline providers allows the incumbents to take up to four business days to switch a number. The reality is, though, that customers typically have to wait a week to port their wireline number to Comcast, even though this transaction requires no more than hours, at most, to complete. Customers expect, and should be a given, wireline porting that is as convenient and hassle-free as wireless porting. To that end, the FCC has proposed cutting the standard interval in half, and Comcast strongly supports that proposal. Unfortunately, most of the incumbents have opposed that initiative. We hope the FCC will implement this pro-consumer proposal, and I remind the Committee that number porting is a mutual obligation on

both incumbents and competitors. We are ready, willing, and able to port numbers more quickly, too.

Third, we know that one incumbent has attempted to undermine the number porting process through a practice known as “retention marketing.” Here is the truth behind “retention marketing”: when a customer decides to switch from an incumbent like Verizon to a competitor like Comcast, Comcast shares that fact with Verizon so that the phone number can be ported over to Comcast. Over the last year, Verizon has used this confidential information, which is supposed to be used solely to make a quick and efficient number port, to do everything it could to keep the customer from leaving Verizon. The FCC has long forbidden retention marketing during the porting interval, because the potential for abuse is obvious. But starting last year, Verizon unilaterally and openly defied the FCC’s ban. In response to a complaint from competitors, the FCC recently strongly reinforced that this practice is improper, harmful to competition, and violates the Communications Act of 1934, as amended. And just last week the DC Circuit rejected Verizon’s attempt to stay that important ruling.

As these examples show, Congress and the FCC cannot assume that just because facilities-based voice competition has emerged, all is well. The incumbents will continue to look for ways to stifle competition – even as they call for less regulation of their own voice business because of the emergence of competition. The incumbents cannot earn deregulation if they persist in behaving anti-competitively, and we urge this Congress to send that message in no uncertain terms.

And that leads to my closing point: Comcast supports H.R. 3914, which requires the FCC to consider and expressly rule on the competition factors in the current law before it grants forbearance, rather than having forbearance granted automatically if the FCC does not act within the statutory time period. Several key provisions of the Act often are still necessary to foster innovation, competition, and value in the voice communications market. There should be no forbearance by default.

Thank you again for the opportunity to testify today and I look forward to answering any questions.