



*Congress of the United States  
House of Representatives  
Washington, D.C. 20515*

*Anna G. Eskoo  
Eighteenth District  
California*

July 12, 2017

The Honorable Ajit Pai, Chairman  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

Dear Chairman Pai,

The Internet stands as one of the greatest achievements in human history. As a transformative platform for economic growth and free speech, it is essential that our government promotes policies that continue to enable the type of growth that has made America's Internet sector the envy of the world. For this reason, I write to express my grave concerns with your proposal to undo the net neutrality rules that were put in place by the FCC in 2015.

On June 19<sup>th</sup> I had the privilege to meet with a number of online startups in my Silicon Valley District. Startup businesses are the lifeblood of our economy. Their founders and CEO's are the risk-takers and innovators whose hard work embodies the American dream. These cutting-edge companies lack armies of lobbyists in Washington but their stories are among the most important contributions to the debate surrounding net neutrality.

One of the most striking takeaways from this meeting was the way in which your proposal is poised to inject significant uncertainty into the online startup economy. The current Title II protections in place provide certainty for all players in the Internet ecosystem, from the smallest startups to the largest ISPs. The rules are clear and enforceable by the FCC, our nation's expert agency on communications networks.

Today, ISPs and startups alike have a shared understanding of what is and isn't allowed. This provides investors with the certainty they need to take a risk on funding an innovative startup. Eliminating these existing protections would upend this shared understanding and threatens to chill investment in one of the most dynamic sectors of our economy. As one of the CEO's I met with said to me, eliminating these protections will lead to "a decreasing interest to start businesses and a decrease in willingness to put yourself out there." Based on what I heard from these CEO's, it's

not surprising that more than 800 startups sent you a letter on April 26, 2017 in support of the FCC's current protections.<sup>1</sup>

Despite the clear message from startups about the importance of the existing net neutrality protections for the online economy, the Notice of Proposed Rulemaking the FCC approved in May completely ignores the impact eliminating these rules would have on online entrepreneurship. The Internet Association found that the online sector contributed 6 percent to our Gross Domestic Product in 2014, exceeding critical sectors such as construction.<sup>2</sup> Just one subset of the online sector, the app economy, added more than 110,000 software developer jobs to the workforce between May 2014 and May 2016.<sup>3</sup> The benefits of this growth are felt across the country with 83 percent of the top app companies located outside of Silicon Valley.<sup>4</sup> In short, the Internet has a significant impact on our economy that must be given due consideration in this proceeding.

Meanwhile, average peak Internet speeds in our country continue to grow at a rapid pace. As cable industry trade association NCTA described in a recent blog post, in the first quarter of 2017 ". . .the Internet in the United States took a huge leap forward compared to other countries."<sup>5</sup> A look at the numbers cited by NCTA shows that one of the largest increases in average peak Internet speeds over the last five years occurred from the third quarter of 2016 to the first quarter of 2017.

NCTA concludes its blog post with the following statement:

"If the last five years are any indication, Internet speeds in America will continue to rise, broadband technology will continue to improve, and more Americans will reap the benefits of living in one of the world's most connected countries."<sup>6</sup>

Indeed, the last few years have shown that Title II protections have enabled innovation and investment across the Internet ecosystem. The current rules are working well, and appropriately balance the needs of startups, small businesses, consumers, and ISPs. Chris Riley, the Public Policy Director at Mozilla, stated it perfectly at our meeting when he referred to this debate as "reality versus illusion." While strong and enforceable net neutrality rules are widely supported and Internet quality continues to improve, large ISPs are nevertheless leading the effort to eliminate protections that have been proven to be essential for startups and small businesses.

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<sup>1</sup> Engine, Techstars, Y Combinator, et al. Letter to Chairman Pai. April 26, 2017

<sup>2</sup> Internet Association, 2017. *Refreshing Our Understanding of the Internet Economy*, page 2. Available at <https://cdn1.internetassociation.org/wp-content/uploads/2017/01/Refreshing-Our-Understanding-Economy-Internet-Association.pdf>

<sup>3</sup> ACT the App Association, 2017. *State of the App Economy, Fifth Edition*, page 2. Available at [http://actonline.org/wp-content/uploads/App\\_Economy\\_Report\\_2017\\_Digital.pdf](http://actonline.org/wp-content/uploads/App_Economy_Report_2017_Digital.pdf)

<sup>4</sup> Ibid

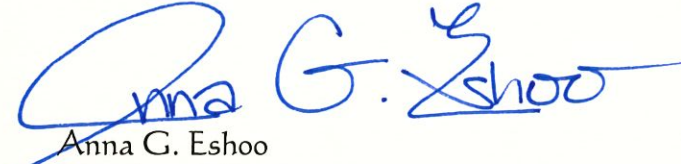
<sup>5</sup> NCTA, 2017. *America's Internet Speeds Continue to Soar*. June 2, 2017. Available at

<https://www.ncta.com/platform/broadband-internet/americas-internet-speeds-continue-to-soar/>

<sup>6</sup> Ibid

Ultimately, any attempt to roll back these protections that fails to fully take into account the economic impact of repeal on startups, small businesses and job creators will be fundamentally flawed. Thank you for your consideration.

Sincerely,



Anna G. Eshoo  
Member of Congress