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The Illinois-based company that's buying FairPoint Communications is likely to expand broadband and compete with cable companies for some TV customers in northern New England, a Wall Street analyst says.

Consolidated Communications already has video offerings in other markets, and the existing FairPoint network can support such service in parts of Maine, New Hampshire and Vermont, said Barry Sine, a telecommunications analyst at Drexel Hamilton. Video offerings and expanded broadband would allow FairPoint to compete for cable TV customers in places where cable companies currently have a near-monopoly. "Consumers in the states will see more competition. It's very important and it benefits the consumer," Sine said Tuesday.

Consolidated plans to buy FairPoint in a deal worth $1.5 billion that already has been approved by the boards of both companies. Under the agreement, Consolidated will assume FairPoint's debt and offer dividends to stockholders. The companies hope to close the deal in the summer. But it faces regulatory hurdles. Utilities regulators must review the plan to ensure that the transaction is good for consumers.

FairPoint's acquisition of Verizon's landline assets in northern New England was fraught with problems, and the states want to avoid a repeat. "We learned a lot about

for Week Ending December 4	what harm can be done in these transactions when these assets are sold," said Maine Public Advocate Timothy Schneider. FairPoint's unionized workforce is welcoming the sale after contentious relations with management following the Verizon deal in 2007. The company struggled with debt, declining landline accounts and customer service problems before filing for bankruptcy, from which it emerged in 2011. Workers led a four-month strike against FairPoint in late 2014 and early 2015, leading to a contract that made the company more attractive to suitors. The company's struggles have continued, however, as the number of traditional telephone customers has shrunk. FairPoint announced last month it was laying off at least 110 workers. "We are hopeful that Consolidated will work with us to create and maintain good jobs in our communities and really improve the quality of service that our customers deserve," said Peter McLaughlin of Local 2327 of the International Brotherhood of Electrical Workers. Overall, Consolidated has maintained a better relationship with its workforce, and consumers can expect the company to continue to expand broadband service, Sine said. The company currently offers broadband to more than 90 percent of customers in communities in the 11 states it currently serves, he said. Consolidated said it's too early to talk about expanded products. Instead, it's focused on the regulatory process and ensuring a smooth transition, said company spokeswoman Jennifer Spaude. Regulators expect formal filings soon. The Vermont Public Service Department's biggest concern is to ensure quality service for those customers for whom FairPoint has a monopoly, said Jim Porter, the agency's telecommunications director. He said he expects his department to hire outside financial experts to determine whether Consolidated has the "financial wherewithal" to succeed if it acquires Vermont's backbone telecommunications network. Elected officials were taking a wait-and-see approach. Maine Gov. Paul LePage said he hopes the company can minimize the "growing pains" felt by FairPoint and that regulators have learned lessons from the miscues. – ***Associated Press*** ——————————————————— One of the nation's top regulators has **a favorite mantra**: "Competition, competition, competition." He invokes the line to explain in simple terms how the government weighs a big merger proposal. The more competition, the less need for federal action. AT&T's $108 billion deal will face a rigorous review that could last a year. Opponents already want the feds to block it, warning that it would stifle competition. AT&T CEO Randall Stephenson said it would do just the opposite: create a nationwide rival for cable companies. In a public letter on the merger's guiding principles, he had a message for the cable industry. "Watch out," Stephenson wrote. "We aim for nothing less than competing with you head-to-head throughout the country on cost, quality and choice." To underscore the point, AT&T unveiled a pay TV package for mobile phones and internet devices. Beginning next month, customers can get over 100 premium channels for $35 a month without a cable contract or set-top box. DirecTV Now also will include the cost of streaming data to the mobile device. "We think this is big," Stephenson said. It sounds like a sound strategy with regulators. Last year, AT&T won approval for its $67 billion acquisition of DirecTV, even though the deal eliminated one of the players in pay TV. How could one less provider be good for consumers? The deal made AT&T a bigger, badder rival for cable. On their own, neither had the high-speed broadband and TV assets needed to compete with the bundles offered by dominant cable companies, according to the Federal Communications Commission. DirecTV had 20 million U.S. customers but weak broadband options. AT&T, a significant player in broadband, had just six million TV

subscribers and was paying much more for programming. Together, the FCC said, they could offer more video-broadband bundles and lower prices. The new business also would lead to more investment in broadband, which would help spur growth in online models such as Netflix and Hulu. All this would expand access and choice. “This is, in other words, a bet on competition,” the FCC wrote in its order in July 2015.

The commission considers other factors, too. Would a merger lead to more innovation, better products, wider availability, greater diversity? The government also has a goal of spreading broadband. Regulators said AT&T would have a disincentive to expand broadband because customers could cannibalize DirecTV revenues with cheaper internet TV. As a condition of approval, AT&T agreed to deploy fiber to 12.5 million locations within four years, up from the 2 million it estimated initially. In addition, it has to offer 1 gigabit service to 6,000 schools and libraries. “It is important that competition with cable also reach public institutions,” the FCC said.

AT&T has outlined other consumer benefits from buying Time Warner, which includes HBO, CNN, TBS and Warner Bros. It would be able to innovate faster, Stephenson said, and he pointed to DirecTV Now. AT&T wanted to launch such a product for three years but didn’t have the size and reach to pull it off. With Time Warner, AT&T said it would create more skinny bundles, video for mobile and social media, and low-cost video supported by advertisers. “More choice, lower cost,” Stephenson wrote.

New advertiser models, which would target customers more effectively, are already raising concerns about privacy. Stephenson offers an upside: They would create more competition for online advertising, now dominated by Google and Facebook. Many compare AT&T-Time Warner to the merger of Comcast and NBC Universal, approved in 2011. That deal also married a distributor with a content generator, and regulators imposed key conditions. Comcast had to offer the same programming and channel packages to online competitors that it offered to others, and under similar terms. Comcast had to give equal treatment to other firms’ content, too.

Some said the Comcast conditions haven’t been effective. Sen. Elizabeth Warren, a strong consumer advocate, **also said**, “Mergers are outrunning enforcement.” AT&T has pledged that it would buy content from all corners and offer Time Warner programs broadly, including to all wireless carriers. That’s an attempt to counter concerns about preferential treatment -- that AT&T would use its greater leverage to boost its content and distribution and punish rivals.

Last year, regulators opposed a merger of Comcast and Time Warner Cable, a unit spun off from Time Warner in 2009 and now part of Spectrum. The two cable giants would be “an unavoidable gatekeeper” for high-speed online services and could stunt their growth, officials said. Regulators didn’t believe that adding conditions could resolve the issue.

Similar concerns may arise with AT&T and Time Warner because AT&T has so many customers in the U.S. and Latin America: over 144 million in wireless, almost 38 million in TV and 15 million in broadband. “We could end up with an economy dominated by very large companies with tremendous market power,” said John Bergmayer, senior counsel for Public Knowledge, an advocate for an open internet and other consumer causes. He hasn’t heard a compelling reason to approve the merger yet. But he’s sure about the best argument AT&T can make. “What better way to stand up to cable than to create a stronger alternative?” he said. – ***Dallas Morning News***

AT&T Inc. Chairman Randall Stephenson plans to tell senators Wednesday his company’s deal with Time Warner Inc. will “disrupt” the long-established cable TV model in ways that will benefit consumers, according to his prepared testimony. “It would be a gross mistake to view this transaction as anything but pro-competitive,” Mr. Stephenson says in his prepared remarks, adding that the deal will create more competition for consumers while accelerating the next generation of advanced wireless broadband.

AT&T and Time Warner executives are preparing to defend their proposed $85 billion merger Wednesday at a hearing of the Senate antitrust subcommittee even as they face a rapidly shifting political landscape buffeted by a wave of angry populism. Under the proposed deal, AT&T hopes to use Time Warner's broad array of content, such as HBO, to anchor innovative new video services such as its online DirecTV Now.

But the merger deal has already raised concerns from the right and left and taken flak from President-elect Donald Trump, who criticized it on the campaign trail as too much concentration of power and promised to block it. Time Warner chief Jeff Bewkes, in his prepared testimony, will say the deal would allow his company to continue innovating in content as well as in consumer experiences, for example by adding more interactive features to video products.

But the giant deal is likely to face a barrage of questions from lawmakers, including over its potential impacts on consumers, other distributors and content producers, as well as over its sheer size. The deal would combine AT&T, which has millions of pay-TV subscribers and wireless customers, with one of the nation's most prized media content companies. Time Warner includes HBO as well as the Warner Bros. studios, plus networks including CNN and TNT. The proposal comes at a time when some lawmakers in both parties are expressing discomfort with concentration in some industries, including media and telecommunications.

When Wednesday's hearing was announced, the antitrust subcommittee's chairman, Sen. Mike Lee (R., Utah), and its top Democrat, Sen. Amy Klobuchar of Minnesota, issued a joint statement saying that the deal "would potentially raise significant antitrust issues" which they promised to "carefully examine." The deal will be examined at length by antitrust enforcers, and the senators have no say in their final decision on approving the deal. Still, the lawmakers can reflect and contribute to the public mood, which polls—and election outcomes—suggest has grown more populist and anti-big business, as well as anti-big government, in recent years.

Ms. Klobuchar said in a statement on Tuesday that she is concerned the deal "could be used to undermine competition at the distribution level, harm independent providers, and drive up prices for consumers." Some lawmakers also are concerned that the deal comes at a time when big broadband companies such as AT&T are beginning to find ways around the Obama administration's so-called net neutrality rules. Those rules require internet service providers to treat all content equally, without blocking or slowing. But several providers, including AT&T, are giving consumers big incentives to favor some video content by providing it without imposing data charges. – ***Wall Street Journal***

A federal judge is ordering a hearing on a Green Party-backed bid to force a recount of Pennsylvania's presidential election result. Green Party lawyers also want permission to examine election system computers for any evidence of hacking. U.S. District Judge Paul Diamond scheduled the hearing for Friday.

Also Tuesday, Pennsylvania election officials updated the state's vote count to show Republican Donald Trump's lead shrinking to about 44,000 over Democrat Hillary Clinton out of more than 6 million votes cast. A state spokeswoman says 15 provisional ballots remain uncounted.

Green Party lawyers haven't produced evidence of hacking but call Pennsylvania's election system "a national disgrace." The Republican Party and Trump oppose a recount. Green Party presidential candidate Jill Stein has spearheaded a recount effort in Pennsylvania, Michigan and Wisconsin, states where Trump won narrowly over Clinton. – ***Allentown Morning Call***

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127 State Street, Harrisburg, PA 17101
717.214.2000 • bcapa.com

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