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NewsClips

November 9, 2017

Telecompetitor
Moffett: Telcos May Get Some Revenge Over Cable in Broadband Wars

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Voters in Vail, Louisville and 17 other Colorado cities and counties Tuesday voted to take internet service into their own hands in a move that could lead to providing citizens an alternative to the entrenched cable internet provider. Fort Collins voters, who voted to do so two years ago, passed a measure to finance exploration of a city-owned broadband utility.

According to the Institute for Local Self-Reliance, which has tracked broadband votes for years, the 19 cities and counties join about 100 others in the state that previously opted out of Senate Bill 152. That bill, passed in 2005, restricts local governments from using taxpayer dollars to build their own broadband networks. "These cities and counties recognize that they cannot count on Comcast and CenturyLink alone to meet local needs, which is why you see overwhelming support even in an off-year election," Christopher Mitchell, director of the Community Broadband Networks initiative at the Institute for Local Self-Reliance, said in a statement.

Passage, however, doesn't mean cities and counties will start offering their own broadband internet service. In 2005, cable and internet providers campaigned to stop cities from offering internet service. At the time, Steve Davis, an executive at Qwest, which is now CenturyLink, told The Rocky Mountain News, "I think it's inappropriate for public tax dollars to be invested in competitive businesses. At minimum, taxpayers should have the opportunity (to vote on the matter)." The law passed, but it gave citizens the right to opt out in order to explore the possibility of building a municipal broadband network.

The city of Longmont became the first to do so in 2011, and about three years later, the **city began offering internet service** at speeds of a gigabit per second, which was much faster than the 20 mbps available from the local cable provider. In August, the city said **nearly 90,000 residents can now get gigabit service**, which starts at $49.95 a month for residents who sign up within three months of the service launching in their neighborhood.

million phones: security firm

Philadelphia Daily News
In shake-up, Pennsylvania GOP Senate candidate to run for Lt. Gov., join Wagner ticket

Harrisburg Patriot-News
2018 Pa. governor's race: It's early but this much we know about the candidates

Philadelphia Inquirer
Malpractice group sues to block Pa. from looting its surplus

Philadelphia Inquirer
Democrats see Trump rebuke in historic wins in Pa. suburbs

About 53 percent of the population uses the city's high-speed internet service, Longmont officials said. Centennial, which opted out in 2013, is building its own internet backbone in the city and **letting private companies such as Ting Internet offer broadband service**. In Fort Collins, which opted out of SB 152 in 2015, **voters Tuesday approved the 2B measure** to take the next step. The measure allows the city to issue $150 million in securities and debt to pursue the best way to offer broadband to its residents.

But the cable industry isn't abandoning support of SB 152. Cable providers campaigned heavily against the Fort Collins move, spending more than $256,000 in television and radio ads, according to **campaign report filings by Priorities First Fort Collins**. More than half of the amount came from a $175,000 contribution from the Colorado Cable Telecommunications Association, which represents companies such as Comcast. "The CTA and its members oppose cities, towns and other government entities building, owning and operating broadband networks where existing networks are in place," said Pete Kirchhof, executive vice president of the association, pointing to the **troubled EAGLE-Net Alliance, which was formed in 2010 with $100.6 million** in federal bailout funds to provide broadband service to underserved and rural areas. "With or without voter approval, if government-owned networks are going to compete with private entities, there should be a far more level playing field. Governments should not be able to use taxpayer dollars to overbuild existing networks — and then compete against private companies for customers."

Comparably, the Fort Collins Citizens Broadband Committee collected $8,288.13 and spent $3,021.98 as of Nov. 1, according to the **group's campaign report filing**. Funds were spent on ads, consulting fees and yard signs. According to the Institute for Local Self-Reliance, which tracks broadband developments nationwide, voters in the 19 Colorado cities and counties said yes to municipal broadband by a high margin — at an average yes rate of 83 percent. The institute also estimates that out of Colorado's more than 270 cities, about 185 have not opted out. However, since 30 counties have opted out, the cities may not need to, said Nick Stumo-Langer, who is with the institute. – ***Denver Post***

U.S. antitrust regulators are pressing for major changes to AT&T Inc.'s proposed takeover of Time Warner Inc., demands that threaten one of the biggest media deals ever, people familiar with the matter said. The Justice Department has raised the prospect that the telecom giant would have to divest either the Turner television unit, which includes CNN along with other cable channels, or the satellite DirecTV business, the people said.

The two sides have engaged in recent tense settlement discussions to address the agency's concerns about the transaction, which would put CNN, HBO and the Warner Bros. film studio under the same corporate roof as satellite broadcaster DirecTV and more than 100 million wireless users. AT&T and the Justice Department are far apart, and people involved in the discussions have differing views on the exchange of proposals. AT&T offered to sell the CNN business, but the agency rejected the idea, one person close to the negotiations said. AT&T denied it offered to sell the news network, which President Donald Trump has criticized as unfair to him.

In a statement Wednesday, AT&T CEO Randall Stephenson said, “Throughout this process, I have never offered to sell CNN and have no intention of doing so.” Rather than a major divestment, AT&T is preparing to fight any potential legal challenge in court, arguing the opposition is politically motivated since there is no overlap between the two companies’ business lines, some of the people said. The Justice Department’s recently confirmed antitrust chief, Makan Delrahim, has pledged that politics wouldn’t play a role in enforcement decisions. “The department is committed to carrying out its duties in accordance with the laws and the facts,” a spokesman said, declining to comment further on the investigation.

The **agency is laying the groundwork for a possible lawsuit to stop the deal** while at the same time negotiating with company executives, The Wall Street Journal reported last week. A top AT&T executive had warned for the first time earlier Wednesday that the company was unsure about the timing of the takeover, **which was valued at $85 billion when it was struck last year**. “The timing of the closing of the deal is now uncertain,” John Stephens, AT&T’s chief financial officer, said Wednesday at a Wells Fargo conference in New York. Just a few weeks ago, he told investors the company still expected the transaction to close later this year. Shares of Time Warner fell 6% to $88.50 on Wednesday, while AT&T shares rose 1% to $33.44. AT&T shares have fallen sharply in recent weeks and Time Warner shares are trading at a wide discount to the implied offer price, as investors worry about the deal.

The review reached a new level in recent weeks with the involvement of Mr. Delrahim, **who received Senate confirmation in late September**. Mr. Trump nominated Mr. Delrahim in April, but Senate delays in his confirmation left him on the sidelines while others in the Justice Department scrutinized the transaction. Mr. Delrahim is a critic of so-called behavioral remedies to address concerns about a merger, preferring that companies be required to sell off assets instead, a view he signaled last month in a public appearance at New York University. Antitrust observers took notice of the remarks and have wondered whether his views would make it harder for AT&T to offer concessions that the companies and the Justice Department would each find acceptable.

During his presidential campaign, Mr. Trump had attacked the proposed deal. “AT&T is buying Time Warner, and thus CNN, a deal we will not approve in my administration because it’s too much concentration of power in the hands of too few,” he said. Mr. Trump has since avoided talking publicly about the transaction but frequently complained on Twitter about the way CNN has reported on him. CNN stood by its reporting.

AT&T executives previously pledged not to sell CNN or interfere with its editorial operations. The Dallas-based telecom giant is looking for the deal to give it a bigger foray into advertising and new growth markets, as it struggles with increased competition in the mature wireless business and shrinking pay-TV market, especially **in the DirecTV satellite service it bought in 2015**.

For Time Warner, the deal with AT&T is the culmination of years of moves by Chief Executive Jeff Bewkes, who spun off underperforming assets, leaving a media and entertainment-focused firm that was more appealing to an acquirer. Mr. Bewkes has argued that uniting content and distribution will help meet viewers’ demands for more flexibility in the TV packages they buy and where they view content, with more video being watched on mobile devices.

As the media industry evolves, even giant companies are looking to adapt. Rival **Walt Disney Co. recently held talks to buy studios and other entertainment assets from 21st Century Fox** Inc., seeking to gain more leverage in negotiations with distributors or to have more content for its own direct to consumer services. Wall Street Journal parent company News Corp and 21st Century Fox share common ownership.

AT&T argues the deal would help consumers by making film and TV more affordable. AT&T points to its current moves to lower prices for video content, such as offering discounts for DirecTV Now, an online pay-TV service. “Vertical mergers like this one have always been approved because they benefit consumers without removing any competitors from the market,” AT&T said last week. “We see no reason in the law or the facts why this transaction should be an exception.”

Several competitors including the Lions Gate Entertainment Corp.’s premium programming service Starz, which competes with Time Warner’s HBO, and rival satellite broadcaster Dish Network Corp. have raised concerns about the deal, people familiar with the matter said. If the Justice Department were to sue to block the deal, that wouldn’t be the end of the matter unless the companies abandoned their plans. The department would have to present its case to a federal judge and prove that the deal would likely harm competition.

Such court battles remain rare, as the government and merging parties often find ways to settle their differences. There were, however, **several major merger trials during the Obama era of antitrust enforcement**, including two recent cases in which the Justice Department won rulings against a pair of major proposed deals in the health insurance industry. The government over the past decade has won most of its merger cases, but not all of them. For example, the Federal Trade Commission, which shares antitrust authority, **in 2015 lost a case in which it challenged Steris Corp.'s deal to buy Synergy Health** PLC. – ***Wall Street Journal***

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