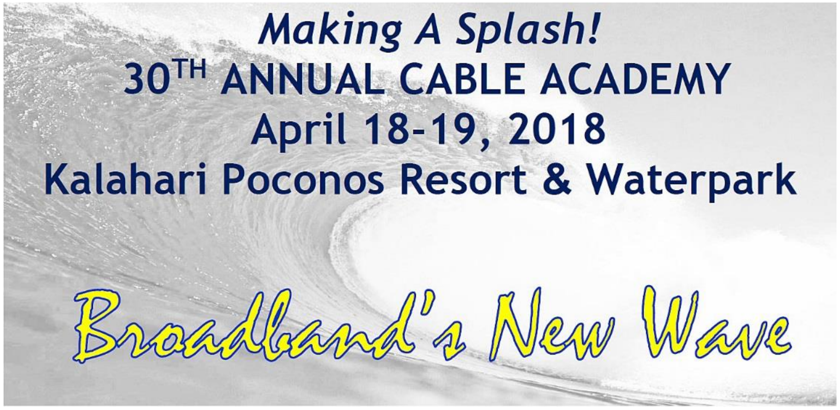


**Cable Academy** returns to the Poconos April 18 & 19, 2018 in the midst of the most challenging and competitive period in our industry's history! This year's program will emphasize that not adapting is not an option. Learn how broadband cable is embracing today's opportunities, and can ride a "new wave" of customer retention and growth!

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Democratic Gov. Tom Wolf's administration said Monday that it will make $35 million available to encourage telecommunications companies to extend high-speed internet service to areas of Pennsylvania that lack it.

Wolf's administration said it hopes to expand broadband internet to every part of Pennsylvania by the end of 2022. The incentives are designed to be available ahead of a $2 billion Federal Communications Commission auction that subsidizes the build-out of broadband internet to unserved areas so that it helps private companies to bid more competitively in the FCC's auction by lowering the amount of federal funds needed for projects, the administration said.

Residents in sparsely populated areas say it is next to impossible to stream TV shows, telecommute, do videoconferencing or consistently access their cloud-based email. The FCC estimates that about 800,000 Pennsylvania residents lack access to high-speed internet. About two-thirds are in rural areas. Twenty percent of rural Pennsylvanians do not have speedy internet connections, compared to 3 percent in urban areas, an example of the so-called digital divide between technological haves and have-nots.

Pennsylvania recently lost its bid to keep $140 million in federal subsidies for rural broadband after Verizon declined it two years ago. The Wolf administration said the state Department of Transportation will use the Pennsylvania Infrastructure Bank to offer the incentives in exchange for dedicated or enhanced network services from private providers. That will help PennDOT improve network services along key roadways, the administration said. – ***Associated Press***

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The biggest antitrust trial since *U.S. v. Microsoft* begins Monday in a federal court in Washington. The Justice Department seeks to block the $108 billion merger between AT&T and Time Warner. But the government doesn't stand a chance—like Wile E. Coyote chasing Road Runner off a cliff and ending up suspended in midair.

[government in Pa.]

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[A congressWOMAN from Pa.? Why not?]

*Pittsburgh Post-Gazette*
[Here's what's what in the topsy-turvy remapped world of Western Pa. politics]

*Harrisburg Patriot-News*
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*Philadelphia Inquirer*
[Editorial: Pa. House wants to stall shrinking the legislature, but state Senate can fix that]

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[Editorial: State House leaders face a defining moment in how they deal with Rep. Miccarelli]



What may have started as a Trumpian jab at #FakeNewsCNN has tragically turned into a serious antitrust action. The Justice Department's case stands on such modern foundations as Section 7 of the Clayton Antitrust Act of 1914, which can block mergers whose effect "may be substantially to lessen competition."

The crux of the case is that AT&T's subsidiary DirecTV, with its 21 million U.S. subscribers (about a fifth of the cable and satellite market), should not be combined with Time Warner's HBO, with its 54 million U.S. subscribers. The result would be a "vertically integrated programmer" with the alleged ability to raise prices at will on other cable operators. It could even (horrors) withhold HBO's "Game of Thrones" from DirecTV's competitors.

I've got to admit, even four or five years ago, I might have agreed. The cable industry has abused geographic monopolies to raise prices almost since the first coaxial cables were strung on telephone poles. Comcast 's 2011 merger with NBCUniversal was potentially anticompetitive, which is why the government imposed 150 different conditions on it. But the landscape has changed since then. A lot.

If I were AT&T's attorney, I'd introduce as evidence a clip from the "Franchise Prequel" episode of "South Park," which makes fun of Netflix for funding so many new TV series. A Netflix employee [answers the phone] saying: "Netflix, you're greenlit. Who am I speaking with? . . . Would you like a pilot or just go straight to an order of six episodes?"

Since "House of Cards" took off in 2013, Netflix has run amok, releasing an estimated 126 original series and films in 2016, and maybe 200 last year. That's something on the order of 1,000 hours, or 40 full days, of binge watching. Some of these efforts are great, some are good, and most are just filler, like " Bill Nye Saves the World." But so what? The point is they are distributed on the internet, via cable modems or mobile phones. AT&T and Time Warner have little influence, and nobody—from ABC to HBO—has a lock on entertainment these days.

Netflix has [55 million American subscribers] and, gulp, raised its prices in November. Netflix doesn't license its shows to anyone else in the U.S.! Should the government break it up? By the way, that "South Park" episode is available on Viacom 's Comedy Central, though Hulu's 17 million subscribers can also watch it online.

Amazon Prime has something like 80 million subscribers in the U.S., and 26 million of them watch the company's original content. Google's YouTube is now offering streaming TV, basically a $40-a-month substitute for cable. Similarly, Hulu has Live TV and Sony has PlayStation Vue. All March Madness games can be streamed online. Consumers have choices. And we're just getting started. Worried about cord-cutting, Disney has paid $2.5 billion for a 75% stake in BAMTech, Major League Baseball's streaming company. RBC analyst Steven Cahall suggests Disney could spend $15 billion a year on streaming shows. That partially explains why Mickey Mouse is chasing 21st Century Fox.

Or look at the raw figures. Programming is a [$90-billion-]a-year business. Both Fox and Time Warner spend around $8 billion on nonsports content. Netflix spent $6 billion last year and hopes to hit $8 billion in 2018. Amazon spends $5 billion. Where is the market dominance? Apple has sold more than a billion iPhones and is spending $1 billion this year getting its feet wet with original programming. The company recently put up millions for [two seasons of a show] about, ugh, a TV morning show, produced and starring Reese Witherspoon and Jennifer Aniston. If anything, extreme competition has shifted the balance of power to actors—or, as some in Silicon Valley call them, meat puppets.

The AT&T antitrust case smells quite similar to the arguments for net neutrality, which also ignore real competition and emerging technologies. The feds are chasing ghosts. As they should be well aware, vertically structured companies tend to fall ill or die from natural causes—see General Motors , IBM and, well, AT&T. No one pays 25 cents a minute for long-distance calls anymore.  Still, I'm not sure why AT&T needs to get in bed with Hollywood, which year after year degrades the meaning of "Best Picture." AT&T should instead return to a focus on technical excellence. I'd rather that it run fiber on every highway and byway in America than peddle mediocre sitcoms. – ***Wall Street Journal***

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Bad news for network television: 2017 seems to have been the first year where digital advertising significantly eroded the growth of traditional TV advertising. That is to say, Google and Facebook–commanding most of the marketplace–grew their ad businesses to new heights last year, as TV ad dollars fell at a higher-than-expected clip.

This is a pretty important development for the ecosystem. According to a new report from MoffettNathanson, analysts previously thought that both TV and digital ads could continue to grow relatively independent of each other.  "Up until this year, we believed that online advertising's growth would not come at the expense of TV," the report says. "This year has caused us to reconsider that assumption."

Though a decrease in digital ad spends was expected in 2017–since the summer Olympics and the election happened in 2016–the size of the TV drop was much bigger than anticipated. "We are starting to believe it's possible to see falling TV ad spend [is] due to steep declines in gross ratings points," writes MoffettNathanson.  Google and Facebook saw ad revenue grow by $5 billion and $5.4 billion, respectively, last year, and clearly the two giants are eating into TV dollars. But the report raises another big question: At what point does the duopoly become too big to continue growing?

MoffettNathanson found that, because 2017 saw an overall increase in ad spend–even as TV saw a decrease–this suggests that "digital has captured some incremental dollars from nontraditional spenders." In other words, there's more room for growth as marketing spend increases, especially as TV ratings continue to sink.  Overall, this could be a big wakeup call for TV network executives. While digital media companies have long been suffering under the rise of Google and Facebook, the new report suggests that television is being impacted, too.  Prepare for network executive hysteria. – ***Fast Company***

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