BCAP NewsClips

September 27, 2016

Philadelphia Inquirer
Olympian Joyner-Kersee pitches Internet Essentials for Comcast, tours Philly

Wall Street Journal
76ers Take a Shot at Competitive Videogaming

Quartz
Netflix's biggest advantage over TV networks: It doesn't need every show to be a "home run"

Television Business International
Google to launch 4K Chromecast

Fierce Cable
Programmers set to trim down network portfolios in skinny bundle era

Washington Post
Hundreds of tech companies are letting employees skip work on Election Day

pennlive.com

Leichtman Research Group released new findings that show about 82 percent of TV households nationwide subscribe to some form of pay TV service. That percentage is down from 87 percent in 2011, and similar to 82 percent in 2005.

Among TV households that do not currently subscribe to a pay TV service, 14 percent reportedly paid for a service in the past year. Overall, about 2.6 percent of TV households paid to subscribe to a traditional pay TV service in the past year, but currently do not -- compared to 2.5 percent in 2015, 3 percent in 2014, 1.5 percent in 2011 and 2 percent in 2006, LRG reports.

While those who stopped subscribing to a service in the past year is similar to last year and to a decade ago, the study found that about 1 percent of pay TV subscribers were new to the category in the past year -- compared to 1 percent in 2015, 1 percent in 2011 and about 3.5 percent in 2006. The LRG research report, "Cable, DBS and Telcos: Competing for Customers 2016," is based on a telephone survey of 1,206 households from throughout the United States. This is the 14th annual study on the topic from the research firm.

The research also shows that around 6 percent of pay TV subscribers are likely to disconnect from their provider and not subscribe to any TV service in the next six months -- similar to 7 percent in 2015, and 7 percent in 2014. Mean reported monthly spending on pay TV service is $103.10, which is said to be an increase of 4 percent in the past year

Chuck Ardo returns to AG's office following tempestuous Kane tenure

Associated Press
Toomey launches new immigration politics attack on McGinty

(the lowest annual increase in five years), according to LRG. "The rates of those exiting the category, or intending to leave, are actually similar to recent years. The decline in penetration is also due to a lack of those who are coming into the category, and the industry not keeping pace with movers and related rental housing growth," Bruce Leichtman, president and principal analyst for Leichtman Research Group, says.

In gobbling up Yahoo, and AOL before it, Verizon is building on a history of telecom companies getting into the content business. But the history of such deals is complicated, as they say. There are few direct parallels to Verizon's recent binge on media. But since consolidation concentrated power in a handful of telecom giants, they have been trying to become content providers as they seek new avenues for growth. You can go as far back as the '90s, when AT&T owned Liberty Media, its programming arm. Today, pressure has intensified with Sprint and T-Mobile putting price pressure on AT&T and Verizon. Comcast is moving into their turf, with plans to launch a mobile phone service starting in 2017.

"Mobile is a saturated business," said Will Richmond, editor of VideoNuze, a video industry news site. "Who doesn't have a phone at this point? It's become more competitive from a pricing and margin standpoint. They look over at the content and see that there might be some nice synergies with the business they're in and it would help them diversify." But there are few examples of telecoms successfully getting into content. "There are network businesses, and there are content businesses, and each have their own DNA."

There's a case for keeping the DNA separate. AT&T has a joint venture with the Chernin Group in Otter Media, which owns multichannel network FullScreen Media. As a joint venture partner, it has taken a hands-off role. T-Mobile, rather than getting straight into content, has focused on improving the user experience, with Binge On, its service that lets customers watch mobile video from the likes of Netflix, HBO and ESPN without eating into their data.

Verizon has gone deeper and wider than its peers in becoming a content owner. It has been expanding hard into entertainment content, creating video-streaming service Go90 last year. This year, it joined with Hearst to form a joint venture, Verizon Hearst Media Partners to create mobile programming aimed at the millennial audience coveted by advertisers. Together they bought men's lifestyle company Complex Media in a 50-50 JV. It paid $4.4 billion for AOL and bid $4.8 billion this year for Yahoo, giving it a potential new audience of 363 million monthly users in the U.S., according to comScore. (Yahoo declined to comment for this story, as did Verizon, citing the pending deal.)

Right now, Verizon represents little more than a monthly bill to people, said Charlene Li, principal analyst at Altimeter. To grow an advertising business, Verizon knows it has to change its relationship to its customers. "There's no sense of a relationship," Li said. "Whereas if they deliver content that's useful to me, it's a daily habit on my homepage, then that becomes something that's really special, that's relevant to me, and there's a better chance of transferring that brand identity to its other things."

Building media from scratch is hard, though, and Verizon's homegrown efforts have stumbled. In 2014, it **launched and quickly folded SugarString**, an in-house tech pub that became a cautionary tale for brands trying to be trusted publishers in areas where they have conflicts of interest. **Go90 has been slow to accumulate an audience** in a streaming-video market already teeming with Netflix, Hulu and YouTube, to name a few. "One of the things we've learned is, it's really hard to take people off of YouTube," said Alan Wolk, a TV analyst and consultant at Toad Stool Consultants. "They don't want to deal with another app."

The experience of Comcast, another infrastructure company, can be seen as instructive for Verizon. Similar to telecom companies, TV and cable operators have **also chased the synergy dreams** of owning content companies, despite the disastrous AOL-Time Warner merger of 2000 and even as media companies like Time Warner and Gannett have run in the other direction, spinning off their slower-growing print businesses.

Comcast's acquisition of NBCU in 2009 is considered an example of how such a matchup of diverse businesses can go well. It worked because NBCU was already an established business and Comcast already had experience in content through its ownership of stakes in networks, Richmond said, something that's not necessarily true of telecoms today. "It's a successful example of how a network operator acquired a well established content operator that wasn't doing that great, and they've really improved that significantly," he said.

While it may be hard to get people to change their habits or learn to make content from scratch, the advantage Verizon has with AOL and Yahoo is that they already have content and relationships with their audiences. "There are very few places that are doorways into people's experiences — the place where you get your email, look at your content feed," Li said.

Still, for as many reasons why infrastructure companies want to own content, there seem to be an equal number why it won't work. Much of the AOL and Yahoo content is stodgy, and it's hard to revitalize old brands. Yahoo also now has a trust issue on its hands, with the news that 500 million of its users' accounts were stolen. And it's going to be tough for Verizon to compete with Facebook and Google already dominating the online ad market.

Then there are the organizational challenges inherent in combining two companies with different cultures, sizes and missions. "They're such large businesses, and media businesses are small, and it can be hard to manage small businesses," said Brian Wieser, senior research analyst at Pivotal Research Group. "When you've got different businesses with different constituencies, different economics, it can be difficult to optimally own both, and the smaller one tends to lose out. That's just business." – ***CED***

Pennsylvania legislators have staked out two paths for reauthorizing the state's One Call utility damage prevention law before it expires at the end of the year.

One path, advancing in the Senate, would make substantial changes to the 42-year-old law in an effort to limit the number of potentially dangerous line strikes that happen daily across the state. Excavation safety advocates have pushed for years to expand the universe of underground lines the law covers and to enhance oversight by shifting enforcement responsibility to a state agency that will dedicate a bigger team to the task.

The **other path**, introduced in the House this month, would simply extend the life of the Underground Utility Line Protection Law for one more year and buy lawmakers time to make decisions about how it should change. That effort is supported by small oil and gas operators and lawmakers reluctant to give more authority to the state Public Utility Commission.

Both bills are moving forward, but with less than a dozen voting days scheduled before the current legislative session ends, time is running out to commit to a direction. After this week, the legislature is scheduled to meet again in mid-October. "If that law sunsets, we're all in trouble," said Brenda Reigle, executive director of the Pennsylvania chapter of the National Utility Contractors Association, which represents utility and excavation contractors. Without the law, excavators would not be required to call into the system that alerts utilities to mark their lines before digging starts, she said. "That's dangerous business."

There is broad support, from the Pennsylvania Public Utility Commission, Gov. Tom Wolf, Republican leaders in the Senate and the Pennsylvania One Call System, for comprehensive revisions to the law. The PUC says it makes sense for the commission to take over enforcement because about 80 percent of the more than 6,000 accidental hits reported each year involve lines that belong to utilities the commission already regulates.

The PUC has a goal of cutting the number of hits in half, even as it wants to expand the universe of lines required to be marked before excavators begin digging. “Every one of these hits jeopardizes the safety of everyone around,” commission spokesman Nils Hagen-Frederiksen said. Opposition to a comprehensive update to the law is primarily driven by conventional oil and gas production companies who **do not want to be required** to register and mark rural pipelines that connect to their wells, saying the cost and manpower burden of complying would be out of proportion to the safety benefits.

They support House Bill 2308, which would extend the current law for a year. “It would give us a little more time to really look at this instead of rushing through,” said Pennsylvania Independent Oil and Gas Association president Dan Weaver. The Wexford trade organization’s members include both conventional and unconventional operators.

Marcellus Shale producers have generally supported lifting the One Call exemption for rural gas gathering lines and many shale gas companies have registered their pipelines voluntarily. The one-year extension measure, introduced by Montgomery County Republican Rep. Robert Godshall, was advanced unanimously last week by the House Consumer Affairs committee he chairs. Mr. Godshall said he wants to explore whether it is necessary or practical to end exemptions for categories of pipelines that are currently excluded in the law. He is also skeptical of transferring enforcement authority from the state Department of Labor and Industry to the PUC, which he referred to as “empire building.”

His preference is to hold a hearing next year to try to find common ground among different stakeholders. “After all, the One Call system we have now has been there for 42 years, so I’m not sure that one more year of it being operative is the greatest calamity in the world, as some people feel,” he said. Many advocates for a stronger law offered tepid support for the fall-back option, but they are confident that there is time and will to adopt more sweeping changes. The PUC is backing Senate Bill 1235, the substantial revision that the commission helped write. “That’s the mechanism for not only reauthorizing One Call but making the whole system better,” Mr. Hagen-Frederiksen said. Leaders of the Republican majority in the Senate would prefer to act on something more substantial than a simple extension and are interested in moving forward with Senate Bill 1235, Senate GOP spokeswoman Jennifer Kocher said.

The bill would extend the law for five years and remove existing exemptions for municipal and state roadwork and oil and gas pipelines. It also includes provisions for mapping underground lines, sets up a damage prevention committee and lays out a system for fees and fines. House Republican spokesman Stephen Miskin said he does not know if there is support in his chamber for the Senate’s approach, but Mr. Godshall’s one-year extension bill is on the House calendar this week. “Any gas line that gets hit that’s unknown can kill anyone,” said Ms. Reigle from the utility contractors association. “It doesn’t matter what size that gas line is.”

A worker died from burns suffered after striking an unmarked, high-pressure natural gas gathering line with an excavator last year in Armstrong County. The pipeline was not registered or marked because current law did not require it. The tragedy was especially bitter because the company that owned the unmarked pipeline used the 811 safe digging hotline to ensure its workers did not hit any known lines as they excavated the pipeline trench between 2010 and 2012, Pennsylvania One Call president William Kiger said.

Mr. Kiger, who has been with the West Mifflin-based nonprofit for the four decades of its existence, has seen the reauthorization deadline for the law tick uncomfortably close before. “I have my faith in them that they will do something,” he said of the legislature. “If it’s an extension, I’ll live with it. But the reality is, we would like to see some of the exemptions, if not all of the exemptions, go away.” – ***Pittsburgh Post-Gazette***

Walt Disney Co. is working with a financial adviser to evaluate a possible bid for Twitter Inc., according to people familiar with the matter. After receiving interest in discussing a

	deal, Twitter has started a process to evaluate a potential sale. Salesforce.com Inc. is also considering a bid and is working with Bank of America on the process, according to other people, who asked not to be named because the matter is private. Representatives for Twitter and Disney didn't respond to requests for comment. – ***Bloomberg***

BCAP
Broadband
Cable Association
of Pennsylvania

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

First in Broadband.
The Future of Broadband.®