BCAP 60th Anniversary NewsClips

December 4, 2017

Video interviews: **Former FCC Chairman Tom Wheeler rips current Chairman Ajit Pai and continues net neutrality rant on *Bloomberg*; Pai talks rationally, makes more sense on *MSNBC***

Denver Post **In Colorado, do more votes for municipal broadband networks mean instant internet access? Not so fast.**

USA Today **Check your cable or Internet bill: After the first year discounts, it's time to bargain**

New York Times **Net neutrality has hit a nerve, eliciting intense reactions**

Walt Disney Co. has re-engaged in discussions with 21st Century Fox to purchase some of the media giant's assets, and Comcast Corp. remains in the mix, with deal talks gaining momentum, according to people familiar with the situation. The talks center on the Twentieth Century Fox movie and TV studio, international assets such as Fox's 39% holding in U.K. satellite TV provider Sky PLC and India's Star TV, along with some U.S. cable networks. Fox News, the Fox broadcast network and sports network FS1 aren't expected to be sold in any transaction, the people said.

Rupert Murdoch and his family, who hold 39% of 21st Century Fox's voting shares, expect to make a decision by year's end on whether to pursue a transaction, the people said. **Disney first reached out to 21st Century Fox** about a possible deal several weeks ago, but the talks cooled after the two sides couldn't agree on price, among other issues, people familiar with the matter have said.

Once news of those initial talks surfaced, other potential acquirers began emerging. Comcast, Sony Corp.'s entertainment unit, and Verizon Communications Inc., are among firms that have expressed various levels of interest, the people familiar with the situation say. The extent of discussions with Sony and Verizon is unclear. A top Verizon executive last week played down the need for the company to do a big content acquisition. Disney and Comcast are in active talks with 21st Century

***Penn State Daily Collegian* (student newspaper)**
Op-ed: Net neutrality repeal is for the corporations, by the corporations

Politico
FCC official retires amid complaints about porn viewing

Philadelphia Inquirer
It's not the Waldorf, but same politicking at Pennsylvania Society

Pennlive
Pennsylvania Society: This is one gathering where it's okay to talk politics

Pittsburgh Post-Gazette
Race in 35th special election set: It's Austin Davis versus Fawn Walker-Montgomery for Gergely seat

Philadelphia Daily News
For a better Pennsylvania: Part 4 - voting reforms

Pittsburgh Post-Gazette
Pa. Democratic adviser responds to controversy over Facebook posts

Pennlive
In eastern PA senate districts, incumbents feel safe, but many voters feel out of the loop

Philadelphia Inquirer
Op-ed: Now is the time to

Fox. It is possible the talks could fall through and a deal won't be reached. 21st Century Fox and Wall Street Journal-parent News Corp share common ownership.

The assets in play would give a buyer exposure to growth in international markets as the U.S. pay-TV industry reaches maturity. With the Twentieth Century Fox studio, they would also get a premier Hollywood content factory and strengthen their position as media consumption shifts to digital platforms. Also on the table in some of the discussions is Fox's 30% stake in streaming service Hulu. Disney and Comcast each also own 30% of the company, so they could consolidate control by buying out Fox's stake. Fox's regional sports networks could also be sold off, the people familiar with the situation say.

The Fox deal talks are happening as another big media deal, AT&T Inc.'s proposed takeover of Time Warner Inc., is headed for court. The Justice Department has sued to block the transaction, arguing it will reduce competition and harm consumers. Some industry observers thought that any major media deal-making would be on hold as companies wait to see the result of that litigation.

A sale would mark a significant turn for 21st Century Fox, which has long been viewed as a potential buyer in the media industry, not a seller. Media companies across the board are considering new business models and strategic options as they confront a rapidly changing landscape, with consumers cutting the cable TV cord, big programming distributors flexing their muscles, and advertising revenue growth uncertain. The remaining elements of Mr. Murdoch's entertainment empire would be much smaller if an asset sale is completed.

But the entity would likely include some engines of growth. **In the September quarter**, results at 21st Century Fox were driven by the cable network group including Fox News and sports network FS1, which posted a 9% increase in operating income before depreciation and amortization. Revenue from monthly pay TV subscription fees continues to grow, in part because of higher prices. Meanwhile, operating profit at Twentieth Century Fox fell 18% from a year earlier, as last year's results were boosted by licensing deals. Overall, Fox's profit in the September period rose 4% to $855 million. Revenue rose 7.6% to $7 billion. – ***Wall Street Journal***

This summer, Twitter Inc.'s new diversity chief met employees to discuss whether they felt welcome at work. Among those who said they sometimes felt excluded, according to people familiar with the matter, were conservatives. The feedback reflects the strains in Silicon Valley as technology companies seek to bolster diversity of all kinds among their hundreds of thousands of employees. For the mostly left-leaning companies that includes cultivating ideological variety, just as they are trying to with underrepresented groups like women and minorities. "There is a lot happening in the world, and we need inclusion now more than ever," Twitter's diversity chief, Candi Castleberry-Singleton, tweeted in August.

Companies such as Facebook Inc., Google's Alphabet Inc. and Pinterest Inc. say doing so is important because their billions of users globally have a broad range of views and interests. And the perception that **employee biases could seep into** their products could damage their reputations. Tech executives who advocate for tolerance of various views also say it is in keeping with the industry's penchant for robust debate and transparency. "I personally believe that if you want to have a company that is committed to diversity, you need to be committed to all kinds of diversity, including ideological diversity," Facebook CEO Mark Zuckerberg **told students at North Carolina A&T State University** in March.

But that vision can clash with reality in an industry where liberal social views dominate and attitudes have become more polarized since the election of President Donald Trump, current and former tech workers say. In November, for example, Bahtiyar Duysak, a Twitter contract employee, was celebrated by current and former employees of the company after he briefly **deactivated the Twitter account of Mr. Trump**. "It didn't seem like there was much support for President Trump at Twitter," said Mr. Duysak, who deactivated the account on his last day at Twitter.

Mr. Duysak praised Mr. Trump's ambition and hard work in an interview, but said he doesn't support him politically. He says deactivating Mr. Trump's account was an accident. Aaron Ginn, president of the Lincoln Network, an advocacy group for conservatives and libertarians in the tech sector, said some tech workers have told him they are uneasy about expressing views that are out of step with their liberal colleagues' because doing so could offend others, and hurt their reputation and job prospects. "People feel scared of violating whatever code of conduct these lynch mobs might have," he said, referring to those outspoken about their liberal views.

The Wall Street Journal contacted dozens of employees at major tech companies including Twitter, Facebook, Google and Apple Inc. who donated to Republican causes, but few responded to shrink Pa.'s indefensibly large state legislature

inquiries. Google employees appeared surprised to see each other at an election night party hosted by a Republican group in Cupertino, Calif., celebrating Mr. Trump's victory, according to a former Google employee who attended. "We were all shocked," this person said, to discover that there were other Trump supporters at Google. The people agreed not to acknowledge one another at work afterward for fear that their support for Mr. Trump might be revealed, this person said. "I don't think it would be a good career move to say you were a Trump supporter," said an employee at a major tech company.

Military veterans working at Pinterest have played down their background in the armed services because of concerns that colleagues will assume they are conservative, said a person who has heard these concerns being discussed at the company. This person added that not all of the veterans are conservatives. In interviews, many tech employees and executives said they believed conservative views on issues like tax policy and government regulation are welcome in Silicon Valley. But conservative views on social issues like same-sex marriage, civil rights and immigration meet more resistance—especially in an environment where many liberals at tech companies have become **more vocal internally about their politics** since the presidential campaign.

Some conservatives have tried to foster political dialogue at their workplace. Fosco Marotto, a Facebook employee who works with software developers, said his colleagues didn't initially believe him when early in the presidential campaign he declared himself a Trump supporter. In June, Mr. Marotto posted to an internal forum used by thousands of Facebook employees that he wanted to discuss such issues as employment, taxes and the media over a "Politics Lunch." "A lot of times, people haven't heard from the other side," he said. Dozens of people from across the political spectrum signed up for the more than 45 lunches he has hosted since the summer, he said. Tech companies took steps to cultivate audiences among decision makers in both political parties even before the Trump administration.

Twitter, for example, has long hired Republican strategists in Washington to help conservative lawmakers use the platform. Many tech companies, including Facebook and Twitter, have Republicans or libertarians in policy roles or on their board of directors. Twitter's nine core values include "seek diverse perspectives" and "communicate fearlessly to build trust." Tech firms have limited tools for cultivating political diversity in their staff though. There is no simple way to determine who is conservative and asking directly can be tricky, experts say. California and New York, for example, have limits on whether an employer can consider political activities in hiring. And such questioning could dissuade qualified candidates. Meanwhile, managing internal debates has proven difficult.

Political tensions flared in August when **Google fired engineer James Damore** for writing a memo saying that the search giant's gender gap could be explained partly by biological differences, not sexism. **He also accused Google** of being an "ideological echo chamber." Harmeet Dhillon, the lawyer representing Mr. Damore, said Silicon Valley has been unwelcoming to conservatives for a long time. But since the election, people with liberal bias have shown "more open contempt for other viewpoints," she said. Google employees have told her they have been denied promotions or otherwise punished for their "perceived political views," she added.

Google said Mr. Damore was fired for violating its policies on harassment and discrimination. "We strongly support the right of Googlers to express themselves. An important part of our culture is lively debate," said Google spokesman Ty Sheppard. "But like any workplace that doesn't mean that anything goes." – ***Wall Street Journal***

The accelerating trend of "cord cutting" is creating a new challenge in the San Diego region for cities, which rely on millions in franchise fees from cable companies to help pay for services like law enforcement, firefighting and libraries. Those fees are starting to significantly shrink as more consumers, especially young people, drop traditional cable TV in favor of online streaming services such as Netflix and Hulu.

The shrinking fees haven't forced budget cuts yet because city tax revenues are increasing in the relatively strong economy. But tax revenues could drop if the predictions of an economic downturn by many financial analysts prove correct. Some California cities have explored taxing consumers who use streaming services to replace the missing revenue from cable franchise fees, but none have followed through so far. Many media industry experts say cord cutting will continue to accelerate as streaming services add more content, which would sharply increase revenue losses for cities.

A study released this fall by eMarketer, a national research firm that analyzes media trends, predicts 22.2 million U.S. adults will cut the cord this year. That's on top of the 16.7 million who cut the cord in 2016. According to the study, the number of cable subscribers in the U.S. will drop to 181 million by 2021. "It's definitely moving fast," said eMarketer media analyst Paul Verna. "There are an increasing number of options for cord cutters."

A typical contract between a city and a cable company, such as Cox or AT&T, requires the companies to pay the city 5 percent of their gross receipts in exchange for using wires and other infrastructure in the public right of way. When cord cutters cancel their cable subscriptions, they lower those gross receipts and the fees the cable companies owe to the cities where they operate.

The city of San Diego has seen cable franchise fees drop 12.2 percent over the past two years, from $18.8 million in the budget year that ended in June 2015 to $16.5 million in the budget year that ended last June. The next two largest cities in the county – Chula Vista and Oceanside -- have seen similar drops. Cable franchise fees have declined 11.9 percent in Chula Vista, from $3.4 million in the 2015 budget year to just under $3 million this year. Fee revenue in Oceanside has dropped 11.1 percent, from $2.7 million in budget year 2015 to $2.4 million this year.

Sheri Brown, Oceanside's financial services division manager, said by telephone this week that she plans to include 3 percent annual declines in cable franchise fees in a five-year revenue forecast the city is scheduled to release next month. San Diego is predicting cable franchise fee revenue will remain flat over the next five years. That's in contrast to increases of 2 to 6 percent for all other revenue streams. The county of San Diego has also seen a drop in cable franchise fee revenue, but it was significantly smaller than in the region's largest cities.

Verna, the media analyst, said local governments should expect revenue losses from cord cutting to continue to increase. That's partly because a significant share of cable subscribers are over age 55, while most cord cutters and cord nevers – people who have never subscribed to cable — are in their 20s and 30s. According to the eMarketer study released in September, the number of cable subscribers 55 and older will continually rise during the next four years, while the number of subscribers will shrink in every other age group. "The demographics are unmistakable," Verna said. "That alone would swing the pendulum."

Verna said another factor accelerating the trend is some of the 130 available streaming services beginning to offer some live TV and sports packages. He said cable companies won't be going away any time soon, primarily because they carry live events, sports and other content subscribers

	can't get anywhere else. "There won't be a mass conversion," he said. "It's still going to be a relatively slow-moving train." The study predicts that by 2021 the number of cord-cutters will be 81 million, bringing the percentage of U.S. households without cable subscriptions to about 30 percent. Among the cities that have considered a tax on streaming services are Pasadena, San Bernardino, Glendale, Santa Monica, Culver City and Pico Rivera. A law the state Assembly considered but rejected last spring would have blocked such taxes until 2023 to allow the streaming industry to more fully take shape before being taxed. Verna said cities should consider such taxes or other efforts to replace the missing revenue. "What the city should be looking to do, and I'm sure it's easier said than done, is negotiate some sort of contract for the use of internet-delivered services," he said. – ***San Diego Union-Tribune***

BCAP

Broadband Cable Association of Pennsylvania

127 State Street Harrisburg, PA 17101
717-214-2000 (f) 717-214-2020
bcapa.com

First in Broadband.
The Future of Broadband.®