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Allentown Morning Call

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Associated Press

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Pennlive

[Op-ed: Pa. lawmakers need to try again on real reform in 2019](#)

Pennlive

[Op-ed: If you liked 2018, you'll love the next Democratic grab at redistricting](#)

The Laconia (NH) Daily Sun recently published a letter from a customer of ours who expressed concern about recent increases in the price for cable services (Dec. 5, 2018, "Cable company makes it very difficult to stay with them"). We're grateful for the feedback because we care about the impact our decisions have on our customers and know that others share the concern of the letter writer. Price increases are never welcome and they can be frustrating. So, when they're necessary, they should be fully explained, especially when some of the factors driving prices are not widely known, or when price increases have been accompanied by enhancements that have brought many customers added value.

Like most companies, we experience increases in the cost of doing business and work hard to manage these costs on behalf of our customers. In our case, we continue to invest in our state-of-the-art, fiber-rich network to deliver advanced TV, phone and ever-faster internet speeds (we've boosted internet speeds for our customers five times in the last five years and introduced 1 gig internet this summer).

Yet, all cable providers, including Atlantic Broadband, experience unique costs because of the license fees that are paid for the networks that are offered to customers. Nationally, these costs have increased more than 20 percent in the last three years, a rate much higher than inflation. That's because these networks — especially those that present live sports programming or produce exclusive original programming — have very high production and content acquisition costs, and these costs are rising.

In addition, local TV broadcasters charge companies like Atlantic Broadband a substantial fee to retransmit their signals to customers. These broadcast TV fees increased 18.5 percent in the first quarter of this year over the prior year on a national basis. Disputes over these rising fees have caused broadcast TV blackouts in other areas of the country, but we have worked hard to negotiate carriage agreements to prevent such interruptions wherever possible in our service areas.

This upward pressure on video rates is not unique to cable TV companies. Satellite TV companies and telephone companies that provide video services also have been forced to increase prices due to the cost of video programming. Even streaming video services are impacted: The New York Times recently reported that Netflix agreed to pay \$100 million to Warner-Media for the right to offer the sitcom "Friends" to its customers for just one year. In testimony before the House Energy & Commerce Communications Subcommittee this September, analysts warned that streaming video services— which are sold as a "cord-cutting" alternative at artificially low introductory rates, often at a loss — will see rates escalate dramatically in the months and years ahead.

And, consumers who have sought savings by subscribing to a streaming service instead of a traditional cable package often unexpectedly discover that cobbling together a lineup of programming content requires multiple subscriptions — a logistical challenge with

multiple bills that can end up costing more than the service they currently have — that is cumbersome to use and still has programming gaps.

That is why we've worked hard to provide an easy-to-use video service with a comprehensive lineup of popular channels. But we didn't stop there. We also have taken steps to provide more value. This summer, we introduced a new, advanced TV platform powered by TiVo featuring an intuitive interface, advanced search and discovery, tailored recommendations, and a remarkable voice remote that provides fast, highly-accurate results of searched for programs, even when only part of a title or key word is spoken. Our enhanced video platform also provides access to Netflix, YouTube and other popular apps. In fact, Atlantic Broadband is the only provider in this region to have fully integrated Netflix into its TV platform.

When networks demand higher fees, we and other video providers must pass along some of these costs to customers. However, in the face of these economic realities, Atlantic Broadband will continue to work hard to negotiate with these broadcast and cable network programmers so our customers will have access to a wide range of programming content on the most advanced video platform available today at the fairest possible price. — **Guest editorial by Ed Merrill, Regional General Manager of Atlantic Broadband in the Laconia (NH) Daily Sun**

Verizon Communications Inc. is booking a \$4.5 billion accounting charge related to its Oath media business, conceding that the company's bet on high-profile internet properties hasn't worked out as planned.

The wireless giant spent more than \$9 billion to create the Oath business by acquiring AOL in 2015 and then Yahoo in 2017, two web pioneers that were struggling to grow. Verizon hoped the combination would make it a more powerful force in digital advertising, but its share of that market has shrunk instead. Unable to turn the tide, Verizon recently scaled back its internet ambitions. Executives are exploring ways to supplement weaker-than-expected advertising revenue and potentially wind down some AOL or Yahoo brands.

The moves are part of a broader retrenchment in the digital media marketplace as legacy companies and once-hot upstarts alike fail to loosen the grip of Facebook Inc. and Alphabet Inc.'s Google on both users and marketers. Several new-media companies, including Vox Media, BuzzFeed and Vice Media, have run into challenges meeting ambitious revenue-growth targets, due in large part to the punishing digital advertising market, The Wall Street Journal has reported.

Vice is cutting 15% of its workforce through attrition, while Vox Media and BuzzFeed have focused on diversifying to generate more revenue from areas such as video licensing and e-commerce. Smaller online publisher Mic recently sold itself for about \$5 million, a fraction of its \$100 million valuation in 2017. U.S. digital ad spending is on track to rise 26% this year to about \$111 billion, but Google is capturing 37% of those dollars while Facebook accounts for another 20%, according to estimates by eMarketer. Oath's share is expected to fall to 3.3% from 4.1% last year. "These pressures are expected to continue and have resulted in a loss of market positioning to our competitors in the digital advertising business," Verizon said in a securities filing Tuesday.

Meanwhile, Amazon.com Inc. has emerged as a new competitor for digital ad dollars. It is now the No. 3 U.S. player and is on track to double its online ad business this year, according to eMarketer. The online retailer gets most of its ad revenue from its website where companies pay to be listed as a “sponsored product” in search results.

Verizon said the roughly \$4.5 billion after-tax noncash charge will cancel out the majority of the current goodwill balance for Oath. Goodwill measures the difference between how much a company paid to buy another business and the value of the acquired hard assets. The company said Tuesday that Oath “has achieved lower than expected benefits from the integration of the Yahoo Inc. and AOL Inc. businesses.”

In the first nine months of this year, revenue from Oath totaled \$5.6 billion, a sliver of Verizon's total \$96.6 billion in revenue during that period. Verizon in October said the unit's revenue was likely to be flat in the near term and that it didn't expect to meet its goal of generating \$10 billion in annual revenue from Oath by 2020.

Oath houses media and technology brands, including HuffPost, Tumblr and Yahoo Finance. In September, the company said Oath leader and former AOL chief Tim Armstrong would be stepping down. His decision came after Verizon opted not to spin off Oath and instead fold some of the operations into the rest of the company.

The marriage of AOL and Yahoo didn't go as planned in part because integrating their advertising technology platforms has taken longer than expected and still isn't complete, people familiar with the matter have said. In addition, Verizon executives were unwilling to share with Oath some data on its wireless subscribers that would have helped create more sophisticated ad targeting, these people said. Verizon executives are now trying to bolster revenue at Oath by creating premium content and exploring e-commerce. While the unit will still sell digital ads, it is trying to keep visitors on its sites longer and make it easier for them to make purchases through its web properties.

Oath leaders are in the throes of an effort called “Project Purple” that aims to identify the strongest brands the unit houses. That effort could result in some brands being closed or merged, the Journal has reported. The unit is now headed by K. Guru Gowrappan, a 38-year-old former Yahoo and Alibaba Group executive. At a November event, Mr. Gowrappan told employees that Oath is home to brands that “laid the foundation for the internet,” adding that some were “extraordinary and some forgettable.”

Executives are also trying to pipe more of the unit's content into Verizon devices and services. For example, Oath plans to put its Yahoo Finance video-streaming application, which includes markets and personal-finance coverage, on Apple TV this month, according to people familiar with the matter. Hans Vestberg, Verizon's new chief executive, recently restructured the wireless carrier, creating a new Verizon Media Group that houses Oath. The former Ericsson AB executive took over on Aug. 1 and has led a companywide push to cut costs and has made building a faster 5G network the center of the company's strategy.

Mr. Vestberg has charged Oath executives with identifying how news, sports and augmented and virtual reality content would benefit from the 5G wireless network the company is starting to build. Verizon also disclosed Tuesday it would book an after-tax charge of as much as \$1.6 billion in the fourth quarter for a voluntary retirement package for more than 10,000 of its workers. The company has charted a different course from other telecom or cable providers, who have made outsize content acquisitions. Verizon has put building out a faster 5G network at the center of its strategy.

Verizon shares have outperformed its rival AT&T Inc., which acquired Time Warner during the year after winning an antitrust case. The deal gave AT&T control of HBO, Warner Bros. studio and cable networks like CNN and TBS. Shares of Verizon, which rose 1% on Tuesday, are up 11% so far this year. AT&T has fallen about 20%. Verizon is now the more valuable company, with a market capitalization of \$243 billion, compared with AT&T's \$216 billion. – **Wall Street Journal**

US internet and cable service provider Cable One will rebrand as Sparklight beginning in the summer of 2019. This change reflects the company's transformation from its origins as a traditional cable company to a full-service provider that connects customers to the things they care about, including family, work, entertainment and community. The company said the name Sparklight illustrates the speed and connectivity it became known for, while at the same time symbolising its new brand promise – connecting people to what matters.

As part of the rebranding, the company said it will stream its residential internet service plans and pricing in 2019, offering even faster speeds, added value and the ability to include unlimited data on any plan. Sparklight will also strengthen its commitment to the communities it serves through educational programmes, corporate giving and donations of time and resources. On top of that, the company will continue its focus on making the lives of its customers easier by providing value-added services, such as expanding customer self-service options through improved residential and business portals and creating a more personalised experience in updated and refreshed local offices. – **Telecompaper**

