Dear BCAP System and Associate Member:

Happy Holidays!

We're taking this opportunity to thank all of you for your ongoing support and valuable input on many industry issues, during the challenges of 2015. Throughout this past year, your Association has championed broadband cable positions and promoted our message through the legislative and regulatory halls of Harrisburg. We look forward to an equally challenging and exciting 2016, as we remain focused on representing and communicating your business interests every day.

Our hope is that you are able to spend as much time with family, friends and loved ones as possible while celebrating and enjoying this wonderful season. On behalf of the entire Board of Directors and staff of the Broadband Cable Association of Pennsylvania, we wish you every happiness during this blessed and joyous holiday…and a prosperous New Year!

Joe Taylor — **Chairman**
Dan Tunnell — **President**

BCAP NewsClips

December 23, 2015

International Business Times
Rising cable rates generate a bundle of blame

Fierce Cable
Dish ex parte: Charter views Sling as a 'serious competitive threat'

TV NewsCheck
TV Preps For Dramatic Technology Changes

Washington Post
Clinton and Trump are looking for an easy out on the Internet. Don't give it to them.

Los Angeles Times
Underdog Hulu Becoming A Streaming Player

Ars Technica
YouTube mad at T-Mobile for throttling video traffic

pennlive.com
Finally, the Pa. House is ready to

Altice's $10 billion deal to buy cable operator Cablevision Systems is running into unexpected turbulence in New York City.

Since the European telecom operator announced the U.S. cable acquisition in September, Cablevision's shares have sunk further below Altice's all-cash offer of $34.90 a share. The stock is trading 9% below the agreed takeover price, reflecting investors' concerns about the deal closing. "The spread has widened in large part because people have become increasingly concerned that neither the city nor the state will find that the transaction is in the public interest, or alternatively, they'll demand so much in terms of givebacks that ultimately the deal won't be palatable to Altice," said Craig Moffett, analyst at MoffettNathanson LLC.

New York City has said it has "a number of important concerns" about the merger and believes it has the power to deny the deal if it finds it isn't in the public interest. Cablevision's 3.1 million customers are concentrated in the greater New York market.

In an interview, Mayor Bill de Blasio's top legal counsel Maya Wiley said the city is concerned about whether Altice has the financial wherewithal to digest Cablevision without skimping on customer service and infrastructure upgrades for faster Internet speeds. Ms. Wiley said the city is also concerned about the impact on jobs. Altice has a reputation for instituting drastic cost cuts. "Altice is

[consider budget bill to end impasse](#)

Pittsburgh Post-Gazette
[Editorial: Capitol chaos – The Pa. House takes a wild ride toward a budget](#)

BCAP offices will be closed Thursday & Friday, December 24 & 25

talking about $900 million in synergies. Well, what's getting cut? How's that going to impact the economy of New York and quality of services?" Ms. Wiley asked. "We certainly are not afraid to disapprove a transaction."

The scope of the city's authority is a point of contention. The companies are seeking approval from the Federal Communications Commission and New York's Public Service Commission, but told the city in a letter that their deal doesn't need its approval because Cablevision's "franchise" contract with the city exempts its cable services from review. They have filed for approval with the city, but only regarding Cablevision's business-telecom arm.

New York City believes it has solid legal standing to review the deal, based on its interpretation of the franchise contract. The city is taking on a more expansive role than it did during Comcast's ill-fated attempt to buy Time Warner Cable. City officials say Cablevision's and Time Warner Cable's franchise agreements give the city approval power over deals with a cash component, whereas Comcast's offer had been all-stock.

The Public Service Commission is scheduled to complete its review by April 29. Under the state regulatory body's newly expanded powers over cable -- thanks to a law passed last year -- Altice has to prove Cablevision customers will receive better services after the deal. Altice and Cablevision said in separate statements that the transaction will deliver significant customer benefits and they look forward to a "fair and open" regulatory process. "Altice has a strong track record of investment, innovation and customer service in all the communities we serve," said Altice, which expects the deal to close in the first half of 2016.

In filings, Altice has argued that the deal will benefit the public by bolstering investment in innovative products, improved network speeds and reliability, and better customer service. Altice has tended to slash costs dramatically following acquisitions such as France's SFR, resulting in savings that it can reinvest in infrastructure.

In October, Altice Chief Executive Dexter Goei met with City Hall officials including Ms. Wiley and Deputy Mayor Alicia Glen. At that meeting, Altice suggested running high-capacity fiber lines closer to homes to increase Internet speeds and improve network reliability. Ms. Wiley said the city needs more than just a promise, but "the demonstration of the ability to make good on a promise."

Ms. Wiley said there hasn't been a situation during the de Blasio administration where federal regulators have approved a deal and the city has blocked it. Local authorities have a history of playing hardball with cable companies during deal reviews as a way to extract concessions for their constituents. The Communications Workers of America, the union that represents about 300 Cablevision employees, has a historically contentious relationship with Cablevision and filed an official objection to the Altice deal with the FCC. The union also has ties to Mr. de Blasio's office, having endorsed him in the election.

There are other, broader concerns about the deal. Altice's stock has declined 50% since September, precipitated by widespread investor skepticism about whether it can deliver the $900 million in synergies promised in the Cablevision deal. Plus, the total company will have $45 billion in debt by the end of 2016 if the Cablevision acquisition closes, according to ING analyst Emmanuel Carlier. "There's a lot of skepticism from a lot of longtime media investors" about Altice's debt-fueld cable roll-up strategy, one longtime Cablevision investor said.

The spread on the Altice-Cablevision deal had been as wide as 16% earlier this month. On Tuesday, Cablevision shares rose more than 3%. Altice closed its acquisition of U.S. cable company Suddenlink on Monday. – ***Wall Street Journal***

Walt Disney Co. and Univision are in talks for Disney to exit Fusion, their joint venture cable and digital news network aimed at millennials that has struggled to gain traction since it launched two years ago, according to people familiar with the matter.

Both sides are trying to find a way for Disney to exit by the end of the year, some of the people said. While Univision buying out Disney's stake is one of the options being discussed, it isn't the only one, according to some of the people. Fusion was launched in October 2013 as a partnership between Disney's ABC News and Univision, the Spanish language broadcaster. It was originally conceived as a channel targeting English-speaking Hispanics.

The idea was to give ABC News more access to the rapidly growing Hispanic population in the U.S., while giving Univision—which has seen its audience age in recent years—entree to a younger demographic. Univision handled the content side of the channel while Disney was in charge of distribution and advertising sales. But Fusion's programming strategy never fully jelled and the network ended up jettisoning the original concept in favor of a channel aimed at all millennials with a focus on pop culture and technology.

The venture, headed by Chief Executive Isaac Lee, who is also

Univision's chief news and digital officer, started out ambitiously. The company, based in Miami, hired a staff of 200 employees and a slate of well-known journalists to work both on camera and online. The strategy was to use the affiliate fees from the cable network to fund the growth of an online media network that could rival the likes of BuzzFeed and Vice to gain the attention of millennials.

However, that also proved to be a hard sell to consumers and pay-TV distributors.Fusion is available in 40 million homes and doesn't subscribe to Nielsen for television ratings.Its online traffic is roughly 7 million unique visitors in November, more than twice what it had in March, according to comScore.
Fusion lost $35 million in 2014, according to a regulatory filing from Univision this year in preparation for its since-delayed initial public offering. Fusion's assets were valued at $26.1 million.

For Disney, building Fusion has become less of a priority as of late, especially given the company's recent investments totaling $400 million in Vice Media, which also targets millennials. In addition to those investments, Disney owns 50% of A&E Networks, which has teamed up with Vice to launch a cable network.

Disney is also concerned that growing distribution for the struggling Fusion network would be a challenge at a time when price-conscious consumers are cutting cut the cord to pay-TV or switching to small, cheaper packages of channels. Disney, which owns ESPN and Disney Channel, didn't need to be spending its negotiating leverage on a little-watched cable channel, according to people familiar with the media giant's thinking. Univision is also eager to part ways with Disney and take control of Fusion, according to people familiar with the matter, as millennial-focused news is becoming increasingly important to Univision's overall mission. – ***Wall Street Journal***

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